# BITOU
# Municipality

# Budget
# 2012/13 - 2014/15

## Medium Term Revenue
## And
## Expenditure Framework

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# Glossary

**Adjustments budget** - Prescribed in Section 28 of the MFMA. The formal manner in which a municipality can revise its budget during the year.

**Budget** - The financial plan of the Municipality.

**Budget-related Policy** - Policy of a municipality affecting the budget or affected by the budget, such as the tariff policy, rates policy and credit control and debt collection policy.

**Capital expenditure** - Expenditure on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

**Cash flow statement** -A statement showing when actual cash is to be received and spent by the Municipality. Cash payments do not always correspond with budgeted expenditure frameworks. For example, when an invoice is received by the Municipality, it is regarded as expenditure in the month; even it is not paid within the same period.

**DORA - Distribution of Revenue Act.** Annual legislation containing the total allocations by national government to provincial and local governments.

**Equitable share** - A general allocation paid to municipalities. It is mainly aimed at rendering assistance with free basic services.

**Fruitless and wasteful expenditure** - Expenditure done in vain and that could have been avoided if reasonable care was exercised.

**GFS** - Government Finance Statistics. An internationally recognised classification system making a type by type comparison between municipalities.

**Grants** - Money received from Provincial or National Government and other municipalities.

**GRAP** - Generally Recognised Accounting Policy. The new standard for municipal accounting.

**IDP** - Integrated Development Plan. The main strategic planning document of the Municipality.

**KPI's** - Key Performance Indicators. Measurement of service outputs and/or outputs.

**MFMA** - The Municipal Financial Management Act - No. 53 of 2003. The main legislation applicable to municipal financial management.

**MTREF** - Medium term Revenue and Expenditure Framework. A Medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budgetary allocations. Also includes details of the financial position of the preceding and current year.

**Nett Assets** -Nett assets are the residual interest in the assets of the entity after all its liabilities have been deducted. This means that the net assets of the municipality equal the "net welfare" of the municipality, after all assets had been sold / recovered and all liabilities had been paid. Transactions that do not fall under the description of Revenue or Expenditure, such as increase in the value of Property, Plant and Equipment, where no in- or outflow of resources occurs, are recorded under Nett Assets.

**Operational expenditure** - Expenditure on the day-to-day expenses of the Municipality, such as salaries and wages.

**Property rates** - Local authority rates based on the assessed value of a property. In order to calculate the rates payable, the assessed value is multiplied by the rate in the rand.

**SDBIP** - Service Delivery and Budget Implementation Plan. A detailed plan consisting of quarterly performance targets and monthly budget estimates.

**Strategic Objectives** - The main priorities of the Municipality as set out in the IDP. Budgeted expenditure must contribute to the achievement of the strategic objectives.

**Unauthorised expenditure** - In general, expenditure without, or in excess of an approved budget.

**Virement** - A budget transfer.

**Vote** - One of the main segments of a budget.

# PART 1 - ANNUAL BUDGET

## Section 1 – Mayoral Report

*"... any intelligent fool can make things bigger and more complex.... It takes a touch of genius - and a lot of courage to move in the opposite direction."* - ***ALBERT EINSTEIN***

I specifically decided to quote the above famous words of Albert Einstein, because it is so relevant and descriptive.

To put this in perspective I first have to give some background on factors which lead to a very unfavourable start to the budget preparation process:

Firstly, I have inherited a projected cash deficit of R30 million which is the result of previous budgets which were not cash backed as legally prescribed. This meant that with past budgets, expenditure was sanctioned by Council without enough money to finance the cost. I believe that this terrible oversight by Council was based on poor advice and misleading numbers disclosed by previous officials which are not in service of our Municipality any more.

Secondly, we are confronted with a price hike in fuel and electricity prices, which caused a chain reaction in cost inflation, effecting almost every department of the Municipality.

Thirdly, we are also confronted with unreasonable public expectations.

This backlog, to start with, is now requiring *a touch of genius - and a lot of courage to move in the opposite direction,* as said by Einstein. With opposite direction I mean to turn away from a history of non cash backed budgets to a realistic, affordable and sustainable budget. However, to achieve this I have no other option but to apply a totally new approach in this budget which may be painful and unpopular to some, but unfortunately it is the right thing to do now to put the Municipality back on track financially. I also have a legal obligation in terms of section 21 of the MFMA to table a credible budget which is consistent with laws, regulations and our own policies.

Having said all the above, it is then now my privilege to submit the 2012/2013 Medium term Revenue and Expenditure Framework (MTREF) to Council as prescribed in section 16 (2) of the MFMA.

As this budget constitutes the proposed financial plan for the next 3 years, it impacts on the community as a whole and it is thus extremely important to consult the community with a view to accept joint ownership and joint responsibility for the welfare of the municipality's financial affairs.

Consequently, a compulsory period of community liaison shall follow before the final approval of this budget on 31 May 2012. Inputs and representations shall be considered and the budget revised accordingly.

Council's strategic objectives of service delivery include the continuation of an acceptable level of services, as well as improvement in those areas still lacking. It would also always remain a strategic objective to contain service delivery within the affordability levels of the community.

The tourism industry is the main economic activity in Bitou, and we therefore need to fulfil our responsibility to maintain and cherish our tourism facilities and to support tourism activities as they play a vital role in job creation and job security. Council also acknowledges its immense responsibility towards not only our community needs, but also the strategically important role fulfilled by Bitou as a tourist destination in the region as well as the country as a whole. It is thus crucial to maintain our infrastructure as a top tourism destination and to attempt to attract more tourists in an extremely competitive market.

To achieve the above, a balancing act is required between the set objectives and available financial resources together with a backlog in cash reserves, while taking into consideration the effect of tariff adjustments on the community as a whole, and the poor in particular. In addition, we have not escaped the downturn in the economy, which has had a considerable influence in Bitou, resulting in an increase in the number of registered indigent households. The tariff increases recently announced by ESKOM, and the effect of this price shock and the subsequent ripple effect on our expenditures, make the achievement of the service delivery objectives so much more difficult and a greater challenge. The challenge is further to achieve more with our existing resources and to increase our productivity level. In other words we have to be smarter and more creative in our service delivery.

Taking all of the above into consideration, I submit to you the following estimated expenditure summarised as follows:

| | Current Year Adjust Budget | Current Year Forecast | Budget Year | Budget Year +1 | Budget Year +2 |
|---|---|---|---|---|---|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Total Operating Revenue | 326 212 | 332 395 | 353 188 | 376 190 | 397 201 |
| Total Operating Expenditure | 306 719 | 317 517 | 332 413 | 344 268 | 364 819 |
| Surplus / (Deficit) for the year | 19 493 | 14 878 | 20 775 | 31 922 | 32 382 |
| Total Capital expenditure | 53 680 | 53 680 | 46 476 | 43 351 | 45 461 |

The Operating expenditure budget represents an increase of 8.37% in relation to the 2011/12 adjustment budget.

Included in the above, provision was made for the following:

- Salary increases of 5% and scale notches as set out in the collective agreement.
- Provision was made only for the most crucial vacancies to be filled.
- Annual increase in Councillor Remuneration as approved by the Minister of Local Government.
- An increase of 13.5% in Eskom's bulk purchase price for electricity.
- Interest on capital costs for the payments of external loans both those previously not budgeted for and the capital funded by new borrowings.
- Increase in the costs of subsidies to the increasing number of indigent households.
- New valuation rolls to be implemented on 1 July 2013.
- Compulsory statutory provision for depreciation of assets and bad debt, and sufficient GRAP provision for post-employment medical contributions and long service awards. These provisions were previously ignored and or unrealistically cut, and are the biggest contributor to the cash deficit of the previous budgets. This oversight is now fully corrected.
- Capital expenditure will be for projects funded from Government Grants and a new borrowing of R 20 million. Provision for Capital expenditure financed from own funds amounts to R 3.5 million, but this will only be realized if a potential selling of a land option materializes.

- Although the 0.25:1 rebate principle for bona-fide agriculture zoned properties will remain, the rebate on property rates levied on agricultural land has been reviewed to be applicable only for bona-fide farmers outside the existing or future urban edge. Council's existing Property Rates Policy have been amended.

In order to balance the budget and remain as far as possible within the fiscal parameters as prescribed and set by National Treasury, a tariff increase in all the tariffs (excluding for electricity) of 16.2% is inevitable.

Although the National Electricity Regulator (NER) has sanctioned a price increase of 13.5 % by ESKOM, we acknowledge the huge impact of the past increases in our households and more specific the trade and industries budgets and for that very reason we will increase the Municipality's tariffs for electricity with only 11.03%.

However, a new block tariff system will be applicable as from 1 July 2012. This is a compulsory prescription and it is aimed on consumers using higher than normal volumes of electricity units. In other words, the more units consumed, the more will be paid.

Considering the current state of the economy, the proposed increase in tariffs of 16.2%, which is significantly above the prevailing CPI, is a very unsatisfactory position to be in politically. But as already mentioned earlier, we have no other option, and this is now the painful penalty of a legacy of past improper budgets.

National, Provincial, District and local priorities for service delivery must be aligned and this is to a large degree achieved through the Integrated Development Plan process whereby communities give input in respect of service needs and which are then incorporated into the IDP. The different spheres of government then allocate resources to these requirements, but I must re-iterate that this is only possible to the extent that resources are available.

Our infrastructure development and maintenance objectives are to render services at acceptable levels to all, and for this purpose the 2012/13 budget provides for infrastructure projects totalling R 42.947 million, which includes R 7.608 million linked to infrastructure in support of housing projects. In addition, an amount of R8 million was budgeted for housing structures.

I believe we have done all in our power to address service delivery requirements within our financial means and I thank our community for their inputs in the IDP process, my fellow councillors for their continued hard work and support, as well as the Municipal Manager and his staff for their efforts.

In the beginning of my report, I have mentioned that we have endeavoured to move in an opposite direction with some brave unpopular restrictive measures to turn around our cash flow problems.

To achieve this all, a collective effort between our work force, Councillors and the community is absolutely necessary.

I close my report with the following famous words for your reflection when this budget is judged.

*"I hope to stand firm enough to not go backward, and yet not go forward fast enough to wreck the country's cause ..."* **Abraham Lincoln**

# Section 2 – Budget-related Resolutions

The resolution that is tabled to Council for consideration with approval of the Annual Budget is:

1) The Council of Bitou Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

   a) The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:
      i) Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Section 4 of the annual budget report Table A2;
      ii) Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Section 4 of the annual budget report Table A3;
      iii) Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Section 4 of the annual budget report Table A4; and
      iv) Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Section 4 of the annual budget report Table A5.

   b) The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
      i) Budgeted Financial Position as contained in Section 4 of the annual budget report Table A6;
      ii) Budgeted Cash Flows as contained in Section 4 of the annual budget report Table A7;
      iii) Cash backed reserves and accumulated surplus reconciliation as contained in Section 4 of the annual budget report Table A8;
      iv) Asset management as contained in Section 4 of the annual budget report Table A9; and
      v) Basic service delivery measurement as contained in Section 4 of the annual budget report Table A10.

2) The Council of Bitou, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012 the tariffs for property rates; electricity-; water-; sanitation-; solid waste services and other services charges as set out in Annexure A.

3) To give proper effect to the Municipality's annual budget, the Council of Bitou Municipality approves:

   a) That the Municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the MTREF in terms of Section 46 of the Municipal Finance Management Act.
   b) That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

# Section 3 – Executive Summary

## Introduction

The annual operating and capital budget of Bitou Municipality for the financial year 2012/13 and the two indicative years 2013/14 and 2014/15 are hereby represented as prescribed in among others:

- MFMA (Act 56 of 2003)
- The Distribution of Revenue Act, 2011 and Provincial Budget announcements
- Budget & Reporting Regulations 393 of 2009
- Sections 215 & 216 of the Constitution
- The Municipal Systems Act - No 32 of 2000 and Municipal Systems Amendment Act No 44 of 2003

This is the second budget of the municipality complying with the requirements of Generally Recognised Accounting Practice (GRAP) and consequently differs considerably from the budgets of preceding years.

## Effect of the annual budget

The projected estimates for the MTREF are as follows:

### OPERATING BUDGET

| | Current Year Adjust Budget | Current Year Forecast | Budget Year | Budget Year +1 | Budget Year +2 |
|---|---|---|---|---|---|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Total Operating Revenue | 326 212 | 332 395 | 353 188 | 376 190 | 397 201 |
| Total Operating Expenditure | 306 719 | 317 517 | 332 413 | 344 268 | 364 819 |
| Surplus / (Deficit) for the year | 19 493 | 14 878 | 20 775 | 31 922 | 32 382 |

The above surpluses include non-cash entries. If the non- cash entries are isolated, a very marginal cash backed surplus will result.

The percentage growth in the operational expenditure budgets is as follow:

2012/13 8.38%

2013/14 3.57%

2014/15 5.97%

## CAPITAL BUDGET

| Description | MTREF | | |
|---|---|---|---|
| R thousand | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| **Infrastructure** | | | |
| Road transport | 6 749 | 18 587 | 11 244 |
| Electricity | 9 500 | 1 200 | 4 600 |
| Water | 15 391 | 16 347 | 22 261 |
| Infrastructure - Sanitation | 7 007 | 6 387 | 5 106 |
| Infrastructure - Other | 4 300 | 200 | – |
| **Community** | – | 200 | – |
| **Heritage assets** | – | – | – |
| **Investment properties** | – | – | – |
| **Other assets** | | | |
| Vehicles | – | – | 1 900 |
| Plant & equipment | 29 | 200 | 100 |
| Computers - hardware/equipment | – | – | – |
| Furniture and other office equipment | – | 230 | 50 |
| Other | 3 500 | – | 200 |
| **Agricultural assets** | – | – | – |
| **Biological assets** | – | – | – |
| **Intangibles** | – | – | – |
| **Total Capital Expenditure** | **46 476** | **43 351** | **45 461** |

The projected funding of the capital budget is as follows:

| | Budget Year R'000 | Budget Year +1 R'000 | Budget Year +2 R'000 |
|---|---|---|---|
| **Total Budget** | **46 476** | **43 351** | **45 461** |
| **Funded by:** | | | |
| National Government | 15 368 | 31 459 | 26 091 |
| Provincial Government | 7 608 | 10 162 | 10 820 |
| District Municipality | – | – | – |
| Other transfers and grants | – | – | – |
| Public contributions & donations | – | – | – |
| Borrowing | 20 000 | – | – |
| Internally generated funds | 3 500 | 1 730 | 8 550 |

## TARIFF ADJUSTMENTS

The main tariff adjustments included in the budget are as follows:

| | |
|---|---|
| Property rates | 16.2% |
| Refuse removal | 16.2% |
| Sewerage | 16.2% |
| Water units | 16.2% |
| Electricity units | 11.02% |
| Other Diverse Tariffs | 5 % |

This budget is prepared based on a mutual commitment and understanding between Council and Management that strict budget control, debt control and overall financial discipline will be maintained in order to achieve the budgeted goals as set out in this marginal budget.

By strict enforcement and execution of the credit control policy, together with an understanding of the prevailing economic climate, Council aims to maintain a rate of payment to meet Council's financial and constitutional obligations.

The priorities identified during the IDP process can only be funded within the financial means. Significant changes were made to priorities that have been identified in the current IDP process due to a lack of funding.

The Municipality's budget must be viewed in the context of the policies and financial priorities of the National, Provincial and District authorities. Basically, the government spheres are partners in fulfilling the service delivery challenges experienced in Bitou. It is therefore essential that the other government spheres support the municipality by direct allocation of resources and subsidies to enable the municipality to maintain and achieve the long-term capital needs of the community.

*The National Context*

South Africa has achieved considerable success in achieving macro-economic stability; but the economy is still struggling under the high levels of unemployment and poverty.

The table below shows the grants to Bitou Municipality as determined in the National Distribution of Revenue Amendment Act (DORA) for the MTEF period;

| Grants 2012/13 - 2014/15 | | | |
|---|---|---|---|
| | Medium Term Estimates | | |
| | 2012/13 (R'000) | 2013/14 (R'000) | 2014/15 (R'000) |
| | | | |
| Equitable share | 23 375 | 25 403 | 27 568 |
| Infrastructure | 15 368 | 31 459 | 26 001 |
| Capacity building and restructuring | 7 253 | 2 206 | 2 456 |
| Housing | 15 603 | 13 162 | 13 820 |

Included in the equitable share contributions are special contributions for Councillor Remuneration and services subsidies for indigent households.

National Treasury annually issues a circular in which they prescribe to municipality's norms and standards concerning the setting of tariffs, financial risks and other matters as budget parameters to follow pertaining to the drafting of their budgets. For 2012/13 the inflation projection to be used was determined at 5.9%. The growth in the proposed operating expenditure budget does not meet the prescribed ceiling of 5.9 %, but it is inevitable due to predominately GRAP provisions previously not budgeted.

However, the projected growth in the two indicative years is more in line with the CPI projections for 2013/14 and 2014/15 which are 5.3% and 5.1% respectively. These figures could, however, change rapidly due to external factors as experienced recently.

The set growth parameter is also applicable to tariff increases fixed by municipalities to ensure that all government spheres support the national macro-economic policy, unless it can be shown that external factors dictate otherwise. The proposed average increase of 16.2% in tariffs is far above the prescribed 5.9%, but this must be seen as a once off correction in past unrealistic tariff adjustments and mandatory GRAP adjustments. Furthermore the deficit in cash reserves and the mandatory cash-backed budget obligation in terms of section 18 of the MFMA justifies the above normal tariff increase.

There are no proposed material amendments to Council's budget-related policies. However an amendment to the Property Rates policy needs to be implemented to allow proposed changes to the rebates applicable on the non bona-fide farming category. The policy documents are important guiding instruments in the drafting of the budget.

The major data and assumptions used during the drafting of the budget are as follows:

| | |
|---|---|
| Increase in Employee-related costs | 5% |
| Increase in inflation parameters | 5.9% |
| Average rate of payment of accounts | 93% |

Basic services are supplied to all the towns within the municipal boundaries, and continued efforts are being made to maintain the services to continuously deliver reliable services. The total cost of delivering free services, as well as rebates to the community amounted to R 16.583 million.

## CONCLUSION

It must be pointed out that this budget is not fully funded as per section 18 of the MFMA; but:

- This budget is cash-backed;
- Efforts were made to expand service delivery;
- Efforts were made to expand free basic services to poor households; and
- Efforts were made to eradicate the cash flow deficit.

# Section 4 – Main Budget Tables

## Table A1 - Budget Summary

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| **Financial Performance** | | | | | | | | | |
| Property rates | 52 791 | 59 901 | 67 147 | 76 912 | 73 590 | 74 710 | 86 218 | 92 342 | 97 053 |
| Service charges | 99 986 | 118 860 | 139 918 | 170 471 | 159 142 | 163 296 | 177 655 | 193 617 | 210 727 |
| Investment revenue | 6 614 | 3 917 | 1 184 | 620 | 482 | 647 | 506 | 531 | 558 |
| Transfers recognised - operational | 58 911 | 62 329 | 46 392 | 40 665 | 42 763 | 42 763 | 38 702 | 30 684 | 33 109 |
| Other own revenue | 16 502 | 26 594 | 15 419 | 17 755 | 18 390 | 19 133 | 27 130 | 17 394 | 18 844 |
| **Total Revenue (excluding capital transfers and contributions)** | 234 804 | 271 601 | 270 059 | 306 423 | 294 367 | 300 549 | 330 212 | 334 569 | 360 290 |
| Employee costs | 74 289 | 88 746 | 102 193 | 107 051 | 96 033 | 101 537 | 111 061 | 116 614 | 122 445 |
| Remuneration of councillors | 2 777 | 2 992 | 2 978 | 3 466 | 3 724 | 3 712 | 4 374 | 4 592 | 4 822 |
| Depreciation & asset impairment | 13 698 | 12 480 | 16 718 | 18 238 | 18 238 | 19 356 | 21 391 | 22 954 | 24 495 |
| Finance charges | 4 274 | 7 604 | 10 496 | 10 899 | 11 967 | 13 072 | 14 112 | 14 128 | 12 915 |
| Materials and bulk purchases | 30 254 | 44 252 | 53 279 | 68 730 | 67 926 | 69 026 | 76 772 | 86 888 | 98 356 |
| Transfers and grants | 31 573 | 422 | 169 | 450 | 2 683 | 2 683 | 3 380 | 3 508 | 3 633 |
| Other expenditure | 71 975 | 118 246 | 120 765 | 111 102 | 106 148 | 110 814 | 101 323 | 95 583 | 98 153 |
| **Total Expenditure** | 228 840 | 274 743 | 306 598 | 319 936 | 306 719 | 320 200 | 332 413 | 344 268 | 364 819 |
| **Surplus/(Deficit)** | 5 964 | (3 142) | (36 540) | (13 512) | (12 352) | (19 650) | (2 201) | (9 699) | (4 529) |
| Transfers recognised - capital | 6 707 | 24 910 | 61 215 | 32 081 | 31 845 | 31 845 | 22 976 | 41 621 | 36 911 |
| Contributions recognised - capital & contributed assets | – | – | – | – | – | – | – | – | – |
| **Surplus/(Deficit) after capital transfers & contributions** | 12 671 | 21 768 | 24 676 | 18 569 | 19 493 | 12 195 | 20 775 | 31 922 | 32 382 |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | – | – |
| **Surplus/(Deficit) for the year** | 12 671 | 21 768 | 24 676 | 18 569 | 19 493 | 12 195 | 20 775 | 31 922 | 32 382 |
| **Capital expenditure & funds sources** | | | | | | | | | |
| **Capital expenditure** | 70 143 | 127 915 | 102 776 | 44 081 | 53 680 | 53 680 | 46 476 | 43 351 | 45 461 |
| Transfers recognised - capital | 8 258 | 24 910 | 61 215 | 29 881 | 36 645 | 36 645 | 22 976 | 41 621 | 36 911 |
| Public contributions & donations | – | – | – | – | – | – | – | – | – |
| Borrowing | 15 030 | 27 193 | 19 084 | 5 000 | 7 095 | 7 095 | 20 000 | – | – |
| Internally generated funds | 46 855 | 75 811 | 22 476 | 9 200 | 9 940 | 9 940 | 3 500 | 1 730 | 8 550 |
| **Total sources of capital funds** | 70 143 | 127 915 | 102 776 | 44 081 | 53 680 | 53 680 | 46 476 | 43 351 | 45 461 |
| **Financial position** | | | | | | | | | |
| Total current assets | 90 473 | 62 778 | 60 374 | 56 857 | 57 595 | 41 491 | 45 458 | 48 451 | 51 172 |
| Total non current assets | 227 053 | 547 440 | 635 203 | 475 373 | 670 532 | 669 447 | 694 482 | 714 844 | 735 780 |
| Total current liabilities | 53 931 | 74 759 | 119 309 | 61 823 | 136 063 | 93 874 | 87 798 | 84 622 | 79 398 |
| Total non current liabilities | 97 709 | 127 320 | 142 902 | 124 087 | 139 756 | 168 821 | 183 124 | 177 732 | 174 231 |
| Community wealth/Equity | 165 885 | 408 139 | 433 365 | 346 320 | 452 308 | 448 243 | 469 018 | 500 941 | 533 322 |
| **Cash flows** | | | | | | | | | |
| Net cash from (used) operating | 38 317 | 43 760 | 88 865 | 47 682 | (21 576) | 9 776 | 33 641 | 57 124 | 58 910 |
| Net cash from (used) investing | (68 593) | (108 321) | (101 622) | (44 290) | (53 201) | (53 620) | (35 306) | (43 171) | (45 306) |
| Net cash from (used) financing | 31 365 | 23 331 | 12 836 | (1 413) | 22 449 | 22 208 | 10 467 | (11 067) | (11 024) |
| **Cash/cash equivalents at the year end** | 57 833 | 16 604 | 16 684 | 18 662 | (35 645) | (4 952) | 3 849 | 6 734 | 9 315 |
| **Cash backing/surplus reconciliation** | | | | | | | | | |
| Cash and investments available | 61 199 | 20 273 | 21 206 | 12 932 | (54 579) | (969) | 7 832 | 10 717 | 13 298 |
| Application of cash and investments | 48 667 | 74 598 | 119 303 | 46 797 | 66 731 | 97 405 | 107 923 | 110 156 | 112 181 |
| **Balance - surplus (shortfall)** | 12 532 | (54 325) | (98 098) | (33 865) | (121 310) | (98 374) | (100 091) | (99 439) | (98 883) |
| **Asset management** | | | | | | | | | |
| Asset register summary (WDV) | 223 151 | 546 986 | 630 903 | 471 313 | 666 345 | 665 227 | 690 312 | 710 709 | 731 675 |
| Depreciation & asset impairment | 13 698 | 12 480 | 16 718 | 18 238 | 18 238 | 19 356 | 21 391 | 22 954 | 24 495 |
| Renewal of Existing Assets | – | – | – | 700 | 819 | 819 | 17 150 | 900 | 4 300 |
| Repairs and Maintenance | 9 182 | 17 458 | 15 594 | 15 723 | 14 329 | 11 739 | 13 224 | 13 838 | 14 560 |
| **Free services** | | | | | | | | | |
| Cost of Free Basic Services provided | 5 833 | 5 833 | 7 294 | 8 023 | 8 023 | 8 023 | 11 096 | 11 763 | 12 400 |
| Revenue cost of free services provided | 6 165 | 6 168 | 7 938 | 9 545 | 9 545 | 9 545 | 16 583 | 17 765 | 18 746 |
| **Households below minimum service level** | | | | | | | | | |
| Water: | – | 0 | 0 | 0 | – | – | 0 | 0 | 0 |
| Sanitation/sewerage: | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 1 |
| Energy: | – | 3 | 4 | 4 | 1 | 1 | 4 | 4 | 5 |
| Refuse: | 0 | 0 | 0 | 0 | – | – | 0 | 0 | 0 |

**Explanatory notes to Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget.

   The Budget Summary provides the key information in this regard:
   a. The operating surplus/deficit (after Total Expenditure) is supposed to be positive over the MTREF; **this is not the case.**
   b. Capital expenditure is balanced by capital funding sources, of which
      i. Transfers recognised is reflected on the Financial Performance Budget;
      ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
      iii. Internally generated funds are suppose to be financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years; **this is the case**. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The municipality's cash flow should remain positive; **this is the case in the outer years but not the case in the current financial year.** The cash flow is **improving and is indicating that there is sufficient cash resources built in the budget.**

4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations was not cash-backed. This practice is improving.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

## Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue - Standard | | | | | | | | | |
| *Governance and administration* | 85 996 | 84 981 | 90 769 | 101 466 | 100 607 | 102 743 | 126 947 | 124 484 | 132 222 |
| Executive and council | 33 103 | 23 469 | 22 816 | 25 511 | 28 052 | 29 072 | 42 000 | 33 605 | 36 568 |
| Budget and treasury office | 52 893 | 60 338 | 67 309 | 75 412 | 71 990 | 73 123 | 84 204 | 90 098 | 94 834 |
| Corporate services | – | 1 174 | 644 | 543 | 565 | 549 | 744 | 781 | 820 |
| *Community and public safety* | 39 710 | 52 078 | 41 794 | 27 163 | 28 825 | 27 936 | 27 197 | 21 019 | 22 071 |
| Community and social services | 245 | 242 | 399 | 489 | 2 528 | 2 534 | 3 938 | 33 | 37 |
| Sport and recreation | 504 | 824 | 237 | 3 086 | 4 170 | 3 668 | 1 444 | 1 307 | 1 372 |
| Public safety | 6 701 | 6 159 | 6 533 | 7 003 | 5 632 | 5 259 | 6 029 | 6 330 | 6 647 |
| Housing | 32 260 | 44 854 | 34 625 | 16 584 | 16 495 | 16 476 | 15 786 | 13 349 | 14 016 |
| Health | – | – | – | – | – | – | – | – | – |
| *Economic and environmental services* | 1 752 | 3 148 | 12 362 | 16 989 | 20 010 | 19 758 | 2 308 | 17 488 | 8 478 |
| Planning and development | 1 752 | 3 148 | 12 362 | 16 189 | 19 210 | 18 958 | 2 262 | 17 488 | 8 478 |
| Road transport | – | – | – | 800 | 800 | 800 | 46 | – | – |
| Environmental protection | – | – | – | – | – | – | – | – | – |
| *Trading services* | 112 165 | 155 291 | 186 159 | 192 573 | 176 537 | 181 715 | 196 493 | 212 942 | 234 153 |
| Electricity | 51 398 | 68 070 | 87 439 | 103 211 | 90 115 | 92 610 | 95 638 | 106 590 | 121 193 |
| Water | 29 634 | 53 329 | 59 101 | 44 557 | 40 142 | 41 665 | 46 524 | 49 223 | 51 467 |
| Waste water management | 21 040 | 22 936 | 26 374 | 28 074 | 29 319 | 30 541 | 34 070 | 36 506 | 39 829 |
| Waste management | 10 093 | 10 955 | 13 245 | 16 731 | 16 960 | 16 898 | 20 260 | 20 623 | 21 665 |
| *Other* | 1 888 | 1 013 | 189 | 314 | 234 | 242 | 243 | 257 | 276 |
| Total Revenue - Standard | 241 512 | 296 511 | 331 274 | 338 504 | 326 212 | 332 395 | 353 188 | 376 190 | 397 201 |
| Expenditure - Standard | | | | | | | | | |
| *Governance and administration* | 51 944 | 87 309 | 95 211 | 86 090 | 82 450 | 89 806 | 88 004 | 88 819 | 91 931 |
| Executive and council | 44 416 | 49 733 | 56 084 | 41 527 | 40 057 | 43 504 | 34 638 | 36 069 | 37 822 |
| Budget and treasury office | 7 528 | 18 073 | 17 139 | 19 441 | 18 563 | 22 732 | 30 515 | 29 153 | 29 811 |
| Corporate services | – | 19 502 | 21 988 | 25 122 | 23 830 | 23 570 | 22 850 | 23 596 | 24 298 |
| *Community and public safety* | 61 668 | 60 932 | 71 124 | 64 686 | 63 205 | 62 660 | 62 164 | 58 982 | 61 562 |
| Community and social services | 4 246 | 5 319 | 8 162 | 9 010 | 8 887 | 8 427 | 11 013 | 10 983 | 11 451 |
| Sport and recreation | 12 653 | 11 926 | 14 302 | 16 254 | 15 379 | 15 670 | 17 305 | 17 905 | 18 748 |
| Public safety | 10 145 | 12 503 | 17 482 | 17 796 | 17 579 | 17 087 | 20 269 | 21 286 | 22 314 |
| Housing | 34 588 | 31 184 | 31 147 | 21 626 | 21 359 | 21 450 | 13 578 | 8 808 | 9 050 |
| Health | 36 | – | 30 | – | – | 26 | – | – | – |
| *Economic and environmental services* | 21 854 | 27 106 | 24 687 | 28 444 | 24 141 | 24 332 | 25 680 | 27 270 | 28 589 |
| Planning and development | 8 446 | 10 559 | 7 852 | 10 162 | 8 318 | 8 127 | 8 852 | 9 714 | 9 839 |
| Road transport | 13 408 | 16 547 | 16 835 | 18 283 | 15 823 | 16 205 | 16 828 | 17 556 | 18 751 |
| Environmental protection | – | – | – | – | – | – | – | – | – |
| *Trading services* | 86 743 | 91 943 | 110 107 | 134 315 | 131 216 | 138 247 | 152 110 | 164 494 | 177 756 |
| Electricity | 46 857 | 54 023 | 66 070 | 83 041 | 82 711 | 88 769 | 93 527 | 104 973 | 116 722 |
| Water | 17 846 | 16 455 | 18 716 | 18 137 | 18 577 | 19 112 | 21 510 | 21 905 | 22 362 |
| Waste water management | 11 167 | 10 028 | 11 594 | 16 454 | 15 091 | 14 293 | 17 627 | 18 212 | 18 518 |
| Waste management | 10 873 | 11 437 | 13 727 | 16 683 | 14 836 | 16 073 | 19 446 | 19 403 | 20 153 |
| *Other* | 6 631 | 7 452 | 5 470 | 6 400 | 5 707 | 5 155 | 4 456 | 4 704 | 4 981 |
| Total Expenditure - Standard | 228 840 | 274 743 | 306 598 | 319 936 | 306 719 | 320 200 | 332 413 | 344 268 | 364 819 |
| Surplus/(Deficit) for the year | 12 671 | 21 768 | 24 676 | 18 569 | 19 493 | 12 195 | 20 775 | 31 922 | 32 382 |

**Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for all the functions.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Executive and Council.

## Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue by Vote | | | | | | | | | |
| Vote 1 - OFFICE OF THE MAYOR | 33 103 | 23 469 | 22 816 | 25 511 | 28 052 | 29 072 | 42 000 | 33 605 | 36 568 |
| Vote 2 - MUNICIPAL MANAGER'S OFFICE | - | - | - | - | - | - | - | - | - |
| Vote 3 - COMMUNITY SERVICES | 39 710 | 63 034 | 55 040 | 43 894 | 45 785 | 44 834 | 47 457 | 41 642 | 43 736 |
| Vote 4 - CORPORATE SERVICES | 11 982 | 1 401 | 428 | 330 | 337 | 397 | 460 | 485 | 515 |
| Vote 5 - FINANCIAL SERVICES | 52 893 | 60 338 | 67 309 | 75 412 | 71 990 | 73 123 | 84 204 | 90 098 | 94 834 |
| Vote 6 - STRATEGIC SERVICES | 1 752 | 3 934 | 12 768 | 16 716 | 19 672 | 19 352 | 2 789 | 18 041 | 9 059 |
| Vote 7 - PUBLIC WORKS | 102 072 | 144 336 | 172 914 | 176 642 | 160 377 | 165 617 | 176 279 | 192 319 | 212 489 |
| Vote 8 - HEALTH | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | 241 512 | 296 511 | 331 274 | 338 504 | 326 212 | 332 395 | 353 188 | 376 190 | 397 201 |
| Expenditure by Vote to be appropriated | | | | | | | | | |
| Vote 1 - OFFICE OF THE MAYOR | 40 301 | 39 459 | 47 205 | 33 069 | 31 303 | 35 199 | 27 432 | 28 507 | 29 884 |
| Vote 2 - MUNICIPAL MANAGER'S OFFICE | 4 116 | 10 274 | 8 878 | 8 458 | 8 754 | 8 305 | 7 206 | 7 563 | 7 938 |
| Vote 3 - COMMUNITY SERVICES | 61 632 | 72 369 | 84 820 | 81 370 | 78 041 | 78 707 | 81 610 | 78 385 | 81 716 |
| Vote 4 - CORPORATE SERVICES | 17 504 | 11 942 | 10 824 | 13 863 | 10 992 | 10 356 | 13 394 | 14 096 | 14 883 |
| Vote 5 - FINANCIAL SERVICES | 7 528 | 23 367 | 25 034 | 26 072 | 26 195 | 30 563 | 36 346 | 35 067 | 35 830 |
| Vote 6 - STRATEGIC SERVICES | 8 446 | 19 191 | 15 595 | 19 866 | 17 823 | 17 289 | 15 490 | 16 476 | 16 619 |
| Vote 7 - PUBLIC WORKS | 89 278 | 96 140 | 114 210 | 137 237 | 133 611 | 139 754 | 150 934 | 164 174 | 177 951 |
| Vote 8 - HEALTH | 36 | - | 30 | - | - | 26 | - | - | - |
| Total Expenditure by Vote | 228 840 | 274 743 | 306 598 | 319 936 | 306 719 | 320 200 | 332 413 | 344 268 | 364 819 |
| Surplus/(Deficit) for the year | 12 671 | 21 768 | 24 676 | 18 569 | 19 493 | 12 195 | 20 775 | 31 922 | 32 382 |

## Explanatory notes to Table A3 - Budgeted Financial Performance (revenue and expenditure by vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

2. It is the level that the Council will approve the budget in terms of Sect 24(2) (c) (iii).

# Table A4 - Budgeted Financial Performance (revenue and expenditure)

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| **Revenue By Source** | | | | | | | | | |
| Property rates | 50 060 | 57 569 | 64 367 | 74 150 | 70 500 | 71 625 | 82 912 | 88 804 | 93 338 |
| Property rates - penalties & collection charges | 2 731 | 2 332 | 2 780 | 2 761 | 3 090 | 3 085 | 3 306 | 3 538 | 3 715 |
| Service charges - electricity revenue | 48 638 | 62 777 | 74 925 | 95 948 | 87 220 | 89 827 | 94 443 | 104 861 | 116 427 |
| Service charges - water revenue | 21 313 | 23 323 | 27 532 | 32 144 | 26 896 | 27 851 | 31 491 | 33 355 | 34 668 |
| Service charges - sanitation revenue | 19 981 | 21 834 | 24 232 | 26 221 | 28 066 | 28 721 | 32 497 | 34 817 | 38 008 |
| Service charges - refuse revenue | 10 055 | 10 927 | 13 229 | 16 159 | 16 960 | 16 898 | 19 224 | 20 585 | 21 625 |
| Service charges - other | – | – | – | – | – | – | – | – | – |
| Rental of facilities and equipment | 815 | 1 417 | 901 | 2 322 | 1 908 | 1 308 | 2 060 | 2 163 | 2 271 |
| Interest earned - external investments | 6 614 | 3 917 | 1 184 | 620 | 482 | 647 | 506 | 531 | 558 |
| Interest earned - outstanding debtors | – | – | – | – | – | – | – | – | – |
| Dividends received | – | – | – | – | – | – | – | – | – |
| Fines | 5 611 | 5 412 | 5 725 | 6 002 | 4 754 | 4 332 | 4 988 | 5 237 | 5 499 |
| Licences and permits | 76 | 73 | 116 | 52 | 116 | 114 | 240 | 250 | 300 |
| Agency services | – | 681 | 719 | 783 | 700 | 850 | 850 | 893 | 937 |
| Transfers recognised - operational | 58 911 | 62 329 | 46 392 | 40 665 | 42 763 | 42 763 | 38 702 | 30 684 | 33 109 |
| Other revenue | 7 274 | 17 726 | 7 958 | 8 596 | 10 508 | 12 529 | 7 893 | 8 747 | 9 727 |
| Gains on disposal of PPE | 2 726 | 1 285 | – | – | 404 | – | 11 100 | 105 | 110 |
| **Total Revenue (excluding capital transfers and contributions)** | **234 804** | **271 601** | **270 059** | **306 423** | **294 367** | **300 549** | **330 212** | **334 569** | **360 290** |
| **Expenditure By Type** | | | | | | | | | |
| Employee related costs | 74 289 | 88 746 | 102 193 | 107 051 | 96 033 | 101 537 | 111 061 | 116 614 | 122 445 |
| Remuneration of councillors | 2 777 | 2 992 | 2 978 | 3 466 | 3 724 | 3 712 | 4 374 | 4 592 | 4 822 |
| Debt impairment | 7 745 | 7 570 | 12 124 | 9 445 | 9 445 | 19 050 | 20 612 | 20 018 | 19 043 |
| Depreciation & asset impairment | 13 698 | 12 480 | 16 718 | 18 238 | 18 238 | 19 356 | 21 391 | 22 954 | 24 495 |
| Finance charges | 4 274 | 7 604 | 10 496 | 10 899 | 11 967 | 13 072 | 14 112 | 14 128 | 12 915 |
| Bulk purchases | 30 254 | 40 644 | 50 668 | 65 758 | 65 096 | 66 448 | 73 882 | 83 850 | 95 165 |
| Other materials | – | 3 608 | 2 612 | 2 972 | 2 830 | 2 578 | 2 890 | 3 038 | 3 191 |
| Contracted services | 4 672 | 5 083 | 6 463 | 6 577 | 11 756 | 11 093 | 20 124 | 19 031 | 19 982 |
| Transfers and grants | 31 573 | 422 | 169 | 450 | 2 683 | 2 683 | 3 380 | 3 508 | 3 633 |
| Other expenditure | 59 558 | 105 592 | 102 177 | 95 080 | 84 947 | 80 671 | 60 587 | 56 534 | 59 128 |
| Loss on disposal of PPE | – | – | – | – | – | – | – | – | – |
| **Total Expenditure** | **228 840** | **274 743** | **306 598** | **319 936** | **306 719** | **320 200** | **332 413** | **344 268** | **364 819** |
| **Surplus/(Deficit)** | **5 964** | **(3 142)** | **(36 540)** | **(13 512)** | **(12 352)** | **(19 650)** | **(2 201)** | **(9 699)** | **(4 529)** |
| Transfers recognised - capital | 6 707 | 24 910 | 61 215 | 32 081 | 31 845 | 31 845 | 22 976 | 41 621 | 36 911 |
| Contributions recognised - capital | – | – | – | – | – | – | – | – | – |
| Contributed assets | – | – | – | – | – | – | – | – | – |
| **Surplus/(Deficit) after capital transfers & contributions** | **12 671** | **21 768** | **24 676** | **18 569** | **19 493** | **12 195** | **20 775** | **31 922** | **32 382** |
| Taxation | – | – | – | – | – | – | – | – | – |
| **Surplus/(Deficit) after taxation** | **12 671** | **21 768** | **24 676** | **18 569** | **19 493** | **12 195** | **20 775** | **31 922** | **32 382** |
| Attributable to minorities | – | – | – | – | – | – | – | – | – |
| **Surplus/(Deficit) attributable to municipality** | **12 671** | **21 768** | **24 676** | **18 569** | **19 493** | **12 195** | **20 775** | **31 922** | **32 382** |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | – | – |
| **Surplus/(Deficit) for the year** | **12 671** | **21 768** | **24 676** | **18 569** | **19 493** | **12 195** | **20 775** | **31 922** | **32 382** |

## Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R 330.212 million in 2012/13 and escalates to R 360.290 million by 2014/15. This represents a year-on-year increase of 1.3 per cent for the 2013/14 financial year and 7.68 per cent for the 2014/15 financial year.
2. Revenue to be generated from property rates is R 82.912 million in the 2012/13 financial year and increases to R 93.338 million by 2014/15 which represents 25.91 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 16.2 per cent for the budget year; 7 per cent and 5 per cent for the respective outer financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 177.655 million for the 2012/13 financial year and increasing to R 210.727 million by 2014/15. For the 2012/13 financial year services charges amount to 53.8 per cent of the total revenue base and grows by 4.69 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and an initial decrease in transfers recognised.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that the transfers recognise fluctuates due to the nature of expenses on the provincial housing grant. The other influencing factor is that not all Provincial Government allocations are gazetted for the outer years; for example the Library replacement fund; main road maintenance and EPWP funding.
5. More detail regarding the employee related cost and the remuneration of Councillors are provided in Supporting Table SA22 and SA23.
6. More emphasis will be placed on the Debt impairment; depreciation charges and the Finance charges in Section 10 – Budget Funding this report.
7. Bulk purchases have significantly increased over the 2008/2009 to 2014/15 period escalating from R 30.254 million to R 95.165 million. These increases can be directly attributed to the substantial increase in the cost of bulk electricity from Eskom.
8. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

## Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

| Vote Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| **Capital expenditure - Vote** | | | | | | | | | |
| **Multi-year expenditure** *to be appropriated* | | | | | | | | | |
| Vote 1 - OFFICE OF THE MAYOR | - | - | - | - | - | - | - | - | - |
| Vote 2 - MUNICIPAL MANAGER'S OFFICE | - | - | - | - | - | - | - | - | - |
| Vote 3 - COMMUNITY SERVICES | 1 611 | - | - | - | - | - | - | - | - |
| Vote 4 - CORPORATE SERVICES | 575 | - | - | - | - | - | - | - | - |
| Vote 5 - FINANCIAL SERVICES | - | - | - | - | - | - | - | - | - |
| Vote 6 - STRATEGIC SERVICES | 6 314 | - | - | - | - | - | - | - | - |
| Vote 7 - PUBLIC WORKS | 56 609 | 18 572 | 14 922 | 6 400 | 7 492 | 7 492 | 2 500 | 1 800 | 12 753 |
| Vote 8 - HEALTH | - | - | - | - | - | - | - | - | - |
| **Capital multi-year expenditure sub-total** | **65 109** | **18 572** | **14 922** | **6 400** | **7 492** | **7 492** | **2 500** | **1 800** | **12 753** |
| **Single-year expenditure** *to be appropriated* | | | | | | | | | |
| Vote 1 - OFFICE OF THE MAYOR | 649 | 145 | 117 | 50 | 50 | 50 | - | - | - |
| Vote 2 - MUNICIPAL MANAGER'S OFFICE | 142 | 29 | 23 | 10 | 10 | 10 | - | - | - |
| Vote 3 - COMMUNITY SERVICES | 195 | 47 880 | 38 470 | 16 500 | 26 393 | 26 393 | 4 329 | 830 | 2 000 |
| Vote 4 - CORPORATE SERVICES | 11 | 929 | 746 | 320 | 320 | 320 | - | - | - |
| Vote 5 - FINANCIAL SERVICES | 3 966 | 87 | 70 | 30 | 3 130 | 3 130 | - | - | - |
| Vote 6 - STRATEGIC SERVICES | 71 | 261 | 210 | 90 | 90 | 90 | 3 500 | - | 250 |
| Vote 7 - PUBLIC WORKS | - | 60 012 | 48 218 | 20 681 | 16 195 | 16 195 | 36 147 | 40 721 | 30 458 |
| Vote 8 - HEALTH | - | - | - | - | - | - | - | - | - |
| **Capital single-year expenditure sub-total** | **5 034** | **109 343** | **87 854** | **37 681** | **46 188** | **46 188** | **43 976** | **41 551** | **32 708** |
| **Total Capital Expenditure - Vote** | **70 143** | **127 915** | **102 776** | **44 081** | **53 680** | **53 680** | **46 476** | **43 351** | **45 461** |
| **Capital Expenditure - Standard** | | | | | | | | | |
| ***Governance and administration*** | **11 304** | **1 190** | **956** | **410** | **3 510** | **3 510** | **3 500** | **-** | **-** |
| Executive and council | 989 | 174 | 140 | 60 | 60 | 60 | - | - | - |
| Budget and treasury office | 10 315 | 87 | 70 | 30 | 270 | 270 | - | - | - |
| Corporate services | - | 929 | 746 | 320 | 3 180 | 3 180 | 3 500 | - | - |
| ***Community and public safety*** | **1 806** | **23 214** | **18 652** | **8 009** | **22 893** | **22 893** | **29** | **630** | **100** |
| Community and social services | 584 | 11 607 | 9 326 | 4 000 | 9 957 | 9 957 | - | 50 | - |
| Sport and recreation | 1 100 | 5 804 | 4 663 | 2 000 | 5 000 | 5 000 | 29 | 200 | 100 |
| Public safety | 79 | - | - | - | 815 | 815 | - | 200 | - |
| Housing | 43 | 5 804 | 4 663 | 2 000 | 7 121 | 7 121 | - | 180 | - |
| Health | - | - | - | - | - | - | - | - | - |
| ***Economic and environmental services*** | **15 211** | **33 632** | **27 022** | **11 590** | **11 326** | **11 326** | **6 749** | **18 587** | **11 494** |
| Planning and development | 47 | 261 | 210 | 90 | 90 | 90 | - | - | 250 |
| Road transport | 15 164 | 33 371 | 26 812 | 11 500 | 11 236 | 11 236 | 6 749 | 18 587 | 11 244 |
| Environmental protection | - | - | - | - | - | - | - | - | - |
| ***Trading services*** | **41 787** | **69 878** | **56 145** | **24 081** | **15 952** | **15 952** | **36 198** | **24 134** | **33 867** |
| Electricity | 14 534 | 22 054 | 17 720 | 7 600 | 4 383 | 4 383 | 9 500 | 1 200 | 4 600 |
| Water | 18 573 | 20 548 | 16 509 | 7 081 | 7 169 | 7 169 | 15 391 | 16 347 | 22 261 |
| Waste water management | 8 303 | 2 612 | 2 098 | 900 | 900 | 900 | 7 007 | 6 387 | 5 106 |
| Waste management | 377 | 24 665 | 19 818 | 8 500 | 3 500 | 3 500 | 4 300 | 200 | 1 900 |
| ***Other*** | **35** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total Capital Expenditure - Standard** | **70 143** | **127 915** | **102 776** | **44 081** | **53 680** | **53 680** | **46 476** | **43 351** | **45 461** |
| **Funded by:** | | | | | | | | | |
| National Government | 8 258 | 24 910 | 61 215 | 27 881 | 31 645 | 31 645 | 15 368 | 31 459 | 26 091 |
| Provincial Government | | - | - | - | - | - | 7 608 | 10 162 | 10 820 |
| District Municipality | | - | - | - | - | - | - | - | - |
| Other transfers and grants | | - | - | 2 000 | 5 000 | 5 000 | - | - | - |
| **Transfers recognised - capital** | **8 258** | **24 910** | **61 215** | **29 881** | **36 645** | **36 645** | **22 976** | **41 621** | **36 911** |
| **Public contributions & donations** | | - | - | - | - | - | - | - | - |
| **Borrowing** | 15 030 | 27 193 | 19 084 | 5 000 | 7 095 | 7 095 | 20 000 | - | - |
| **Internally generated funds** | 46 855 | 75 811 | 22 476 | 9 200 | 9 940 | 9 940 | 3 500 | 1 730 | 8 550 |
| **Total Capital Funding** | **70 143** | **127 915** | **102 776** | **44 081** | **53 680** | **53 680** | **46 476** | **43 351** | **45 461** |

## Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. Multi-year projects is those projects that will not be commissioned at the end of a financial year but that will stretch over more than one year before commissioning takes place.
3. Unlike multi-year capital appropriations which normally would result in work-in-progress at the end of a financial year, single-year appropriations relates to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment.
4. The budget appropriations for the two outer years are indicative allocations based on the inputs of departments and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital program is funded from new borrowings and government grants and transfers, and internally generated funds from current year surpluses. **It must be pointed out that the funding from new borrowings is putting the Municipality's resources under severe pressure due to the past three year capital programs.**
6. For 2012/2013, capital transfers totals R 22.976 million (49.4 per cent) and decrease in the 2013/2014 to R41.621 million. This is mainly to the Neighbourhood Development Partnership allocation of R 15 million in 2013/2014. The outer year the transfers decrease to R 36.911 million.
7. Although discussion had taken place with a financial institution the new borrowing has not yet been secured; the budget however includes new borrowing for 2012/2013 at R 20 million with zero figures for the outer years for the reasons mentioned in explanatory note 5 above. New borrowings are definitely unsustainable if the revenue base is not expanded.
8. The internally generated funding is linked to a land sale; if it do not materialise this source will be suspect.

## Table A6 - Budgeted Financial Position

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| **ASSETS** | | | | | | | | | |
| **Current assets** | | | | | | | | | |
| Cash | 21 061 | 11 495 | 6 493 | 3 832 | – | 11 | 3 860 | 6 746 | 9 326 |
| Call investment deposits | 36 773 | 8 778 | 10 741 | 5 200 | – | – | – | – | – |
| Consumer debtors | 17 873 | 25 311 | 28 635 | 14 969 | 30 015 | 28 635 | 28 635 | 28 635 | 28 635 |
| Other debtors | 10 779 | 14 401 | 12 250 | 30 222 | 25 324 | 10 438 | 10 438 | 10 438 | 10 438 |
| Current portion of long-term receivables | 189 | – | 75 | 79 | 75 | 95 | 75 | 35 | 20 |
| Inventory | 3 798 | 2 793 | 2 180 | 2 555 | 2 180 | 2 311 | 2 450 | 2 596 | 2 752 |
| **Total current assets** | 90 473 | 62 778 | 60 374 | 56 857 | 57 595 | 41 491 | 45 458 | 48 451 | 51 172 |
| **Non current assets** | | | | | | | | | |
| Long-term receivables | 536 | 454 | 291 | 160 | 215 | 211 | 161 | 126 | 96 |
| Investments | 3 366 | – | 3 972 | 3 900 | 3 972 | 3 972 | 3 972 | 3 972 | 3 972 |
| Investment property | 1 200 | 97 590 | 97 422 | – | 97 422 | 94 668 | 91 817 | 88 930 | 86 019 |
| Investment in Associate | – | – | – | – | – | – | – | – | – |
| Property, plant and equipment | 218 303 | 441 017 | 524 193 | 471 313 | 559 635 | 561 534 | 589 742 | 613 302 | 637 455 |
| Agricultural | – | – | – | – | – | – | – | – | – |
| Biological | – | – | – | – | – | – | – | – | – |
| Intangible | 3 648 | 8 379 | 9 287 | – | 9 287 | 9 025 | 8 753 | 8 478 | 8 200 |
| Other non-current assets | – | – | 38 | – | – | 38 | 38 | 38 | 38 |
| **Total non current assets** | 227 053 | 547 440 | 635 203 | 475 373 | 670 532 | 669 447 | 694 482 | 714 844 | 735 780 |
| **TOTAL ASSETS** | 317 525 | 610 218 | 695 577 | 532 230 | 728 127 | 710 938 | 739 941 | 763 295 | 786 952 |
| **LIABILITIES** | | | | | | | | | |
| **Current liabilities** | | | | | | | | | |
| Bank overdraft | – | – | – | – | 58 551 | 4 952 | – | – | – |
| Borrowing | 3 998 | – | 8 091 | 5 590 | 9 031 | 9 854 | 11 410 | 11 391 | 9 800 |
| Consumer deposits | 3 652 | 3 948 | 4 282 | 4 159 | 4 582 | 4 581 | 4 902 | 5 245 | 5 612 |
| Trade and other payables | 39 035 | 60 149 | 93 400 | 38 990 | 45 848 | 60 950 | 57 950 | 54 450 | 50 450 |
| Provisions | 7 245 | 10 662 | 13 536 | 13 085 | 18 052 | 13 536 | 13 536 | 13 536 | 13 536 |
| **Total current liabilities** | 53 931 | 74 759 | 119 309 | 61 823 | 136 063 | 93 874 | 87 798 | 84 622 | 79 398 |
| **Non current liabilities** | | | | | | | | | |
| Borrowing | 62 975 | 90 009 | 94 420 | 95 031 | 92 723 | 114 565 | 123 155 | 111 764 | 101 964 |
| Provisions | 34 735 | 37 311 | 48 483 | 29 056 | 47 032 | 54 255 | 59 969 | 65 958 | 72 267 |
| **Total non current liabilities** | 97 709 | 127 320 | 142 902 | 124 087 | 139 756 | 168 821 | 183 124 | 177 732 | 174 231 |
| **TOTAL LIABILITIES** | 151 641 | 202 079 | 262 212 | 185 911 | 275 819 | 262 695 | 270 922 | 262 354 | 253 629 |
| **NET ASSETS** | 165 885 | 408 139 | 433 365 | 346 320 | 452 308 | 448 243 | 469 018 | 500 941 | 533 322 |
| **COMMUNITY WEALTH/EQUITY** | | | | | | | | | |
| Accumulated Surplus/(Deficit) | 163 796 | 406 037 | 432 023 | 337 031 | 450 967 | 446 902 | 460 177 | 492 099 | 524 481 |
| Reserves | 2 088 | 2 102 | 1 342 | 9 288 | 1 342 | 1 342 | 8 842 | 8 842 | 8 842 |
| Minorities' interests | – | – | – | – | – | – | – | – | – |
| **TOTAL COMMUNITY WEALTH/EQUITY** | 165 885 | 408 139 | 433 365 | 346 320 | 452 308 | 448 243 | 469 018 | 500 941 | 533 322 |

## Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table A6 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
   - Call investments deposits;
   - Consumer debtors;
   - Property, plant and equipment;
   - Trade and other payables;
   - Provisions non-current;
   - Changes in net assets; and
   - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

## Table A7 - Budgeted Cash Flow Statement

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Ratepayers and other | 215 710 | 181 006 | 223 856 | 277 832 | 223 456 | 239 900 | 259 291 | 283 230 | 307 469 |
| Government - operating | – | 62 329 | 46 392 | 40 595 | 42 693 | 26 000 | 38 632 | 30 609 | 33 024 |
| Government - capital | – | 24 910 | 61 215 | 32 081 | 31 845 | 24 071 | 22 976 | 41 621 | 36 911 |
| Interest | 6 614 | 3 917 | 1 184 | 620 | 462 | 647 | 506 | 531 | 558 |
| Dividends | – | – | – | – | – | – | – | – | – |
| Payments | | | | | | | | | |
| Suppliers and employees | (179 732) | (220 797) | (233 265) | (292 395) | (308 087) | (265 087) | (270 273) | (281 233) | (302 504) |
| Finance charges | (4 274) | (7 604) | (10 496) | (11 050) | (11 967) | (13 072) | (14 112) | (14 128) | (12 915) |
| Transfers and Grants | – | – | – | – | – | (2 683) | (3 380) | (3 508) | (3 633) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 38 317 | 43 760 | 88 865 | 47 682 | (21 576) | 9 776 | 33 641 | 57 124 | 58 910 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Proceeds on disposal of PPE | 656 | 321 | 2 815 | – | 404 | – | 11 100 | 105 | 110 |
| Decrease (Increase) in non-current debtors | – | – | – | – | – | – | – | – | – |
| Decrease (increase) other non-current receivables | 593 | 269 | 88 | 109 | 75 | 60 | 70 | 75 | 45 |
| Decrease (increase) in non-current investments | 302 | (303) | (302) | (318) | – | – | – | – | – |
| Payments | | | | | | | | | |
| Capital assets | (70 143) | (108 608) | (104 221) | (44 081) | (53 680) | (53 680) | (46 476) | (43 351) | (45 461) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (68 593) | (108 321) | (101 622) | (44 290) | (53 201) | (53 620) | (35 306) | (43 171) | (45 306) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Short term loans | – | – | – | – | – | – | – | – | – |
| Borrowing long term/refinancing | 34 192 | 27 193 | 19 084 | 5 000 | 30 000 | 30 000 | 20 000 | – | – |
| Increase (decrease) in consumer deposits | 161 | 296 | 334 | 310 | 300 | 300 | 321 | 343 | 367 |
| Payments | | | | | | | | | |
| Repayment of borrowing | (2 989) | (4 157) | (6 582) | (6 723) | (7 851) | (8 091) | (9 854) | (11 410) | (11 391) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | 31 365 | 23 331 | 12 836 | (1 413) | 22 449 | 22 208 | 10 467 | (11 067) | (11 024) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 1 090 | (41 229) | 80 | 1 979 | (52 329) | (21 636) | 8 801 | 2 885 | 2 580 |
| Cash/cash equivalents at the year begin: | 56 744 | 57 833 | 16 604 | 16 684 | 16 684 | 16 684 | (4 952) | 3 849 | 6 734 |
| Cash/cash equivalents at the year end: | 57 833 | 16 604 | 16 684 | 18 662 | (35 645) | (4 952) | 3 849 | 6 734 | 9 315 |

## Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget. The net effect of budget (both capital & operational) is represented in the net increase or decrease in cash and cash equivalents.
2. Table A7 is supported by an extensive table (Table SA30) that provides a breakdown per month as well as providing a detailed analysis of the major sources of receipts and expenditure.
3. In the 2010/2011 financial year the Municipalities cash flow increased by R 80,000; whilst the **2009/2010** year the Municipality **a decrease of R 41.229** million was generated; with again **a decrease of R 21.636 million** forecast for **2011/2012**. The forecasted cash flow raised serious concerns. From the 2012/2013 to the end of the MTREF period the cash flow improves steadily. This indicates that the budget is cash backed in terms of expected cash in and out flows.

## Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| **Cash and investments available** | | | | | | | | | |
| Cash/cash equivalents at the year end | 57 833 | 16 604 | 16 684 | 18 662 | (35 645) | (4 952) | 3 849 | 6 734 | 9 315 |
| Other current investments > 90 days | 0 | 3 669 | 550 | (9 631) | (22 905) | 11 | 11 | 11 | 11 |
| Non current assets - Investments | 3 366 | – | 3 972 | 3 900 | 3 972 | 3 972 | 3 972 | 3 972 | 3 972 |
| **Cash and investments available:** | 61 199 | 20 273 | 21 206 | 12 932 | (54 579) | (969) | 7 832 | 10 717 | 13 298 |
| **Application of cash and investments** | | | | | | | | | |
| Unspent conditional transfers | 18 464 | 22 012 | 36 963 | 11 268 | 9 513 | 9 513 | 9 513 | 9 513 | 9 513 |
| Unspent borrowing | – | – | – | – | – | – | – | – | – |
| Statutory requirements | – | – | – | – | – | – | – | – | – |
| Other working capital requirements | (17 231) | 2 511 | 15 007 | (19 800) | (13 180) | 14 786 | 12 091 | 8 325 | 4 051 |
| Other provisions | 41 980 | 47 973 | 62 019 | 42 141 | 65 084 | 67 792 | 73 505 | 79 504 | 85 803 |
| Long term investments committed | 3 366 | – | 3 972 | 3 900 | 3 972 | 3 972 | 3 972 | 3 972 | 3 972 |
| Reserves to be backed by cash/investments | 2 088 | 2 102 | 1 342 | 9 288 | 1 342 | 1 342 | 8 842 | 8 842 | 8 842 |
| **Total Application of cash and investments:** | 48 667 | 74 598 | 119 303 | 46 797 | 66 731 | 97 405 | 107 923 | 110 156 | 112 181 |
| **Surplus(shortfall)** | 12 532 | (54 325) | (98 098) | (33 865) | (121 310) | (98 374) | (100 091) | (99 439) | (98 883) |

## Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. **Non-compliance** with **section 18 of the MFMA** is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2009/2010 till the end of the MTREF period a shortfall is shown. The forecast indicates a slight improvement. The shortfall will need a longer term vision from Council and Management especially due to the immediate cash shortages of the recent years.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the **2012/13 MTREF is not funded** owing to the significant shortfall.

## Table A9 - Asset Management

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| CAPITAL EXPENDITURE | | | | | | | | | |
| Total New Assets | 70 143 | 127 915 | 102 776 | 43 381 | 52 862 | 52 862 | 29 326 | 42 451 | 41 161 |
| *Infrastructure - Road transport* | 18 594 | 33 909 | 27 245 | 11 500 | 11 236 | 11 236 | 2 749 | 18 387 | 9 344 |
| *Infrastructure - Electricity* | 11 157 | 20 346 | 16 347 | 6 900 | 3 529 | 3 529 | 500 | 1 000 | 4 600 |
| *Infrastructure - Water* | 11 449 | 20 879 | 16 776 | 7 081 | 7 169 | 7 169 | 11 241 | 15 847 | 21 361 |
| *Infrastructure - Sanitation* | 4 689 | 8 551 | 6 871 | 2 900 | 7 900 | 7 900 | 7 007 | 6 387 | 3 606 |
| *Infrastructure - Other* | 13 744 | 25 063 | 20 138 | 8 500 | 3 500 | 3 500 | 4 300 | 200 | – |
| Infrastructure | *59 633* | *108 749* | *87 376* | *36 881* | *33 334* | *33 334* | *25 797* | *41 821* | *38 911* |
| Community | 10 106 | 18 429 | 14 807 | 6 250 | 14 527 | 14 527 | – | 200 | – |
| Heritage assets | – | – | – | – | – | – | – | – | – |
| Investment properties | – | – | – | – | – | – | – | – | – |
| Other assets | 404 | 737 | 592 | 250 | 5 001 | 5 001 | 3 529 | 430 | 2 250 |
| Agricultural Assets | – | – | – | – | – | – | – | – | – |
| Biological assets | – | – | – | – | – | – | – | – | – |
| Intangibles | – | – | – | – | – | – | – | – | – |
| Total Renewal of Existing Assets | – | – | – | 700 | 819 | 819 | 17 150 | 900 | 4 300 |
| *Infrastructure - Road transport* | – | – | – | – | – | – | 4 000 | 200 | 1 900 |
| *Infrastructure - Electricity* | – | – | – | 700 | 819 | 819 | 9 000 | 200 | – |
| *Infrastructure - Water* | – | – | – | – | – | – | 4 150 | 500 | 900 |
| *Infrastructure - Sanitation* | – | – | – | – | – | – | – | – | 1 500 |
| *Infrastructure - Other* | – | – | – | – | – | – | – | – | – |
| Infrastructure | – | – | – | *700* | *819* | *819* | *17 150* | *900* | *4 300* |
| Community | – | – | – | – | – | – | – | – | – |
| Heritage assets | – | – | – | – | – | – | – | – | – |
| Investment properties | – | – | – | – | – | – | – | – | – |
| Other assets | – | – | – | – | – | – | – | – | – |
| Agricultural Assets | – | – | – | – | – | – | – | – | – |
| Biological assets | – | – | – | – | – | – | – | – | – |
| Intangibles | – | – | – | – | – | – | – | – | – |
| Total Capital Expenditure | | | | | | | | | |
| *Infrastructure - Road transport* | 18 594 | 33 909 | 27 245 | 11 500 | 11 236 | 11 236 | 6 749 | 18 587 | 11 244 |
| *Infrastructure - Electricity* | 11 157 | 20 346 | 16 347 | 7 600 | 4 348 | 4 348 | 9 500 | 1 200 | 4 600 |
| *Infrastructure - Water* | 11 449 | 20 879 | 16 776 | 7 081 | 7 169 | 7 169 | 15 391 | 16 347 | 22 261 |
| *Infrastructure - Sanitation* | 4 689 | 8 551 | 6 871 | 2 900 | 7 900 | 7 900 | 7 007 | 6 387 | 5 106 |
| *Infrastructure - Other* | 13 744 | 25 063 | 20 138 | 8 500 | 3 500 | 3 500 | 4 300 | 200 | – |
| Infrastructure | *59 633* | *108 749* | *87 376* | *37 581* | *34 152* | *34 152* | *42 947* | *42 721* | *43 211* |
| Community | 10 106 | 18 429 | 14 807 | 6 250 | 14 527 | 14 527 | – | 200 | – |
| Heritage assets | – | – | – | – | – | – | – | – | – |
| Investment properties | – | – | – | – | – | – | – | – | – |
| Other assets | 404 | 737 | 592 | 250 | 5 001 | 5 001 | 3 529 | 430 | 2 250 |
| Agricultural Assets | – | – | – | – | – | – | – | – | – |
| Biological assets | – | – | – | – | – | – | – | – | – |
| Intangibles | – | – | – | – | – | – | – | – | – |
| TOTAL CAPITAL EXPENDITURE - Asset class | 70 143 | 127 915 | 102 776 | 44 081 | 53 680 | 53 680 | 46 476 | 43 351 | 45 461 |
| ASSET REGISTER SUMMARY - PPE (WDV) | | | | | | | | | |
| *Infrastructure - Road transport* | 48 248 | 75 568 | 91 622 | 100 336 | 100 118 | 99 950 | 103 491 | 118 279 | 125 357 |
| *Infrastructure - Electricity* | 30 353 | 47 109 | 59 944 | 65 719 | 62 579 | 62 474 | 69 815 | 68 792 | 71 014 |
| *Infrastructure - Water* | 65 024 | 85 713 | 116 881 | 120 612 | 120 744 | 120 542 | 131 853 | 143 582 | 160 524 |
| *Infrastructure - Sanitation* | 40 440 | 58 223 | 62 990 | 64 110 | 69 001 | 68 886 | 73 613 | 77 502 | 79 937 |
| *Infrastructure - Other* | 540 | 295 | 130 | 8 397 | 3 534 | 3 528 | 7 596 | 7 555 | 7 312 |
| Infrastructure | *184 605* | *266 908* | *331 567* | *359 174* | *355 976* | *355 379* | *386 368* | *415 710* | *444 144* |
| Community | 6 694 | 10 445 | 16 052 | 21 699 | 29 764 | 29 714 | 28 819 | 28 107 | 27 188 |
| Heritage assets | – | – | – | – | – | – | – | – | – |
| Investment properties | 1 200 | 97 590 | 97 422 | – | 97 422 | 94 668 | 91 817 | 88 930 | 86 019 |
| Other assets | 27 004 | 163 664 | 176 574 | 90 440 | 173 895 | 176 441 | 174 554 | 169 485 | 166 124 |
| Agricultural Assets | – | – | – | – | – | – | – | – | – |
| Biological assets | – | – | – | – | – | – | – | – | – |
| Intangibles | 3 648 | 8 379 | 9 287 | – | 9 287 | 9 025 | 8 753 | 8 478 | 8 200 |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV | 223 151 | 546 986 | 630 903 | 471 313 | 666 345 | 665 227 | 690 312 | 710 709 | 731 675 |
| EXPENDITURE OTHER ITEMS | | | | | | | | | |
| Depreciation & asset impairment | 13 698 | 12 480 | 16 718 | 18 238 | 18 238 | 19 356 | 21 391 | 22 954 | 24 495 |
| Repairs and Maintenance by Asset Class | 9 182 | 17 458 | 15 594 | 15 723 | 14 329 | 11 739 | 13 224 | 13 838 | 14 560 |
| *Infrastructure - Road transport* | 1 151 | 2 189 | 861 | 2 645 | 2 320 | 1 582 | 1 442 | 1 465 | 1 539 |
| *Infrastructure - Electricity* | 768 | 1 460 | 1 364 | 1 623 | 1 313 | 1 269 | 1 401 | 1 457 | 1 530 |
| *Infrastructure - Water* | 1 151 | 2 189 | 1 509 | 3 035 | 2 709 | 2 154 | 2 725 | 2 861 | 3 004 |
| *Infrastructure - Sanitation* | 423 | 804 | 792 | 1 035 | 960 | 704 | 1 068 | 1 068 | 1 122 |
| *Infrastructure - Other* | 453 | 862 | 2 232 | 790 | 1 380 | 1 364 | 790 | 833 | 874 |
| Infrastructure | *3 946* | *7 504* | *6 758* | *9 128* | *8 682* | *7 074* | *7 426* | *7 684* | *8 068* |
| Community | 1 168 | 2 221 | 2 646 | 2 243 | 1 844 | 1 743 | 1 948 | 2 046 | 2 148 |
| Heritage assets | – | – | – | – | – | – | – | – | – |
| Investment properties | – | – | – | – | – | – | – | – | – |
| Other assets | 4 067 | 7 733 | 6 189 | 4 353 | 3 802 | 2 923 | 3 850 | 4 108 | 4 343 |
| TOTAL EXPENDITURE OTHER ITEMS | 22 879 | 29 938 | 32 312 | 33 961 | 32 567 | 31 095 | 34 615 | 36 792 | 39 055 |
| *Renewal of Existing Assets as % of total capex* | *0.0%* | *0.0%* | *0.0%* | *1.6%* | *1.5%* | *1.5%* | *36.9%* | *2.1%* | *9.5%* |
| *Renewal of Existing Assets as % of deprecn"* | *0.0%* | *0.0%* | *0.0%* | *3.8%* | *4.5%* | *4.2%* | *80.2%* | *3.9%* | *17.6%* |
| *R&M as a % of PPE* | *4.2%* | *4.0%* | *3.0%* | *3.3%* | *2.6%* | *2.1%* | *2.2%* | *2.3%* | *2.3%* |
| *Renewal and R&M as a % of PPE* | *4.0%* | *3.0%* | *2.0%* | *3.0%* | *2.0%* | *2.0%* | *4.0%* | *2.0%* | *3.0%* |

## Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 10 per cent of PPE. The Municipality do not meet both the recommendations
3. The graph below provides an analysis between depreciation and operational repairs and maintenance over the MTREF and highlights the fact that the Municipality's capital budget is excessive and will not address the maintenance backlog.

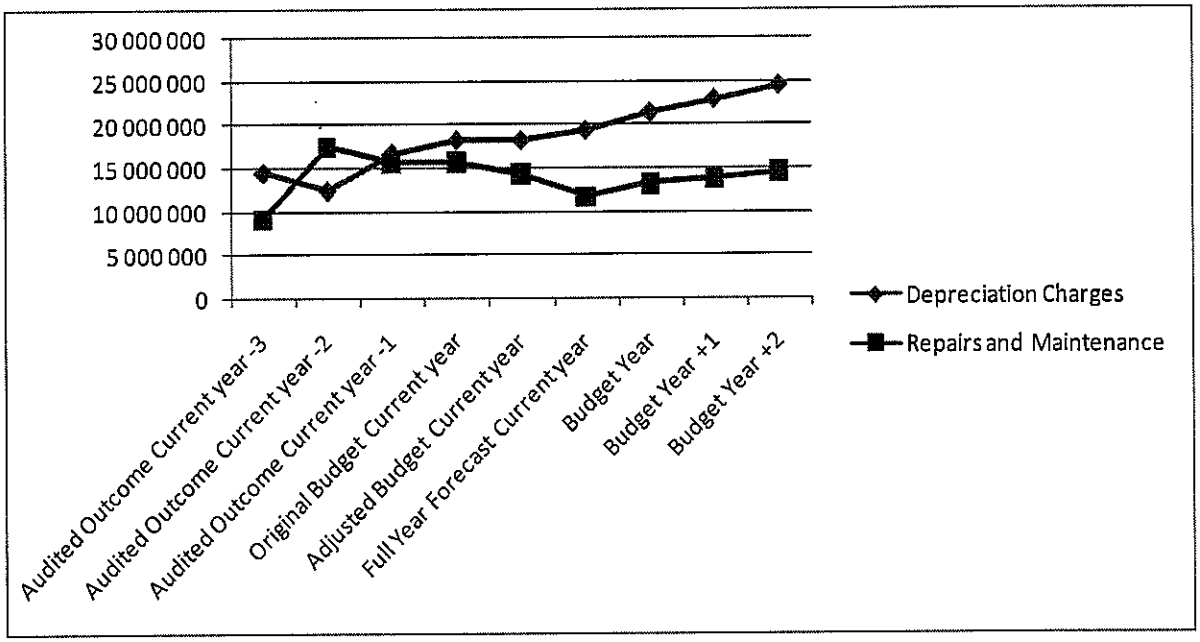



**Figure - Depreciation in relation to repairs and maintenance over the MTREF**

## Table A10 - Basic Service Delivery Measurement

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| **Household service targets** | | | | | | | | | |
| ***Water:*** | | | | | | | | | |
| Piped water inside dwelling | – | 8 427 | 9 017 | 9 648 | 7 284 | 7 284 | 10 323 | 11 046 | 11 819 |
| Piped water inside yard (but not in dwelling) | – | 5 272 | 5 642 | 6 036 | 4 000 | 4 000 | 6 459 | 6 911 | 7 395 |
| Using public tap (at least min.service level) | – | 243 | 260 | 278 | 1 018 | 1 018 | 298 | 319 | 341 |
| Other water supply (at least min.service level) | – | 996 | 1 065 | 1 140 | 126 | 126 | 1 220 | 1 305 | 1 396 |
| *Minimum Service Level and Above sub-total* | – | 14 938 | 15 984 | 17 102 | 12 428 | 12 428 | 18 300 | 19 581 | 20 951 |
| Using public tap (< min.service level) | – | – | – | – | – | – | – | – | – |
| Other water supply (< min.service level) | – | 150 | 160 | 171 | – | – | 183 | 196 | 210 |
| No water supply | – | – | – | – | – | – | – | – | – |
| *Below Minimum Service Level sub-total* | – | 150 | 160 | 171 | – | – | 183 | 196 | 210 |
| **Total number of households** | – | 15 087 | 16 144 | 17 274 | 12 428 | 12 428 | 18 483 | 19 777 | 21 161 |
| ***Sanitation/sewerage:*** | | | | | | | | | |
| Flush toilet (connected to sewerage) | 85 | 13 716 | 14 676 | 15 703 | 11 593 | 11 593 | 16 802 | 17 979 | 19 237 |
| Flush toilet (with septic tank) | – | – | – | – | 310 | 310 | – | – | – |
| Chemical toilet | – | – | – | – | – | – | – | – | – |
| Pit toilet (ventilated) | 10 | 901 | 964 | 1 032 | 474 | 474 | 1 104 | 1 181 | 1 264 |
| Other toilet provisions (> min.service level) | – | – | – | – | 801 | 801 | – | – | – |
| *Minimum Service Level and Above sub-total* | 95 | 14 617 | 15 640 | 16 735 | 13 178 | 13 178 | 17 905 | 19 160 | 20 501 |
| Bucket toilet | 2 | 167 | 179 | 192 | – | – | 205 | 220 | 235 |
| Other toilet provisions (< min.service level) | 3 | 303 | 325 | 348 | – | – | 372 | 398 | 426 |
| No toilet provisions | – | – | – | – | 173 | 173 | – | – | – |
| *Below Minimum Service Level sub-total* | 5 | 470 | 505 | 540 | 173 | 173 | 578 | 618 | 661 |
| **Total number of households** | 100 | 15 087 | 16 145 | 17 275 | 13 351 | 13 351 | 18 484 | 19 778 | 21 162 |
| ***Energy:*** | | | | | | | | | |
| Electricity (at least min.service level) | – | 1 359 | 1 455 | 1 556 | 4 695 | 4 695 | 1 665 | 1 782 | 1 907 |
| Electricity - prepaid (min.service level) | – | 10 428 | 11 158 | 11 939 | 6 798 | 6 798 | 12 775 | 13 669 | 14 625 |
| *Minimum Service Level and Above sub-total* | – | 11 787 | 12 612 | 13 495 | 11 494 | 11 494 | 14 440 | 15 451 | 16 532 |
| Electricity (< min.service level) | – | – | – | – | – | – | – | – | – |
| Electricity - prepaid (< min. service level) | – | – | – | – | – | – | – | – | – |
| Other energy sources | – | 3 300 | 3 531 | 3 778 | 644 | 644 | 4 043 | 4 326 | 4 629 |
| *Below Minimum Service Level sub-total* | – | 3 300 | 3 531 | 3 778 | 644 | 644 | 4 043 | 4 326 | 4 629 |
| **Total number of households** | – | 15 087 | 16 144 | 17 274 | 12 138 | 12 138 | 18 483 | 19 777 | 21 161 |
| ***Refuse:*** | | | | | | | | | |
| Removed at least once a week | 95 | 14 919 | 15 964 | 17 081 | 11 400 | 11 400 | 18 277 | 19 556 | 20 925 |
| *Minimum Service Level and Above sub-total* | 95 | 14 919 | 15 964 | 17 081 | 11 400 | 11 400 | 18 277 | 19 556 | 20 925 |
| Removed less frequently than once a week | 1 | 123 | 131 | 140 | – | – | 150 | 161 | 172 |
| Using communal refuse dump | – | 0 | 0 | 0 | – | – | 0 | 0 | 1 |
| Using own refuse dump | 4 | 39 | 42 | 44 | – | – | 48 | 51 | 55 |
| Other rubbish disposal | – | – | – | – | – | – | – | – | – |
| No rubbish disposal | – | 6 | 7 | 7 | – | – | 8 | 8 | 9 |
| *Below Minimum Service Level sub-total* | 5 | 168 | 180 | 193 | – | – | 206 | 221 | 236 |
| **Total number of households** | 100 | 15 087 | 16 144 | 17 274 | 11 400 | 11 400 | 18 483 | 19 777 | 21 161 |
| **Households receiving Free Basic Service** | | | | | | | | | |
| Water (6 kilolitres per household per month) | 5 158 | 5 158 | 6 270 | 6 583 | 6 583 | 6 583 | 6 715 | 6 849 | 6 986 |
| Sanitation (free minimum level service) | 1 750 | 1 750 | 2 127 | 2 233 | 2 233 | 2 233 | 2 278 | 2 324 | 2 370 |
| Electricity/other energy (50kwh per household p | 3 488 | 3 488 | 4 240 | 4 452 | 4 452 | 4 452 | 4 541 | 4 632 | 4 724 |
| Refuse (removed at least once a week) | 1 750 | 1 750 | 2 127 | 2 233 | 2 233 | 2 233 | 2 278 | 2 324 | 2 370 |
| **Cost of Free Basic Services provided (R'000)** | | | | | | | | | |
| Water (6 kilolitres per household per month) | 1 476 | 1 476 | 1 805 | 1 986 | 1 986 | 1 986 | 1 692 | 1 726 | 1 760 |
| Sanitation (free sanitation service) | 1 242 | 1 242 | 1 523 | 1 676 | 1 676 | 1 676 | 3 110 | 3 362 | 3 601 |
| Electricity/other energy (50kwh per household p | 1 999 | 1 999 | 2 689 | 2 958 | 2 958 | 2 958 | 2 125 | 2 168 | 2 211 |
| Refuse (removed once a week) | 1 117 | 1 117 | 1 277 | 1 404 | 1 404 | 1 404 | 4 169 | 4 508 | 4 828 |
| **Total cost of FBS provided (minimum social p** | 5 833 | 5 833 | 7 294 | 8 023 | 8 023 | 8 023 | 11 096 | 11 763 | 12 400 |
| **Highest level of free service provided** | | | | | | | | | |
| Property rates (R value threshold) | 100 000 | 100 000 | 330 000 | 330 000 | 330 000 | 330 000 | 350 000 | 350 000 | 350 000 |
| Water (kilolitres per household per month) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Sanitation (kilolitres per household per month) | n/a | n/a | n/a | – | – | – | – | – | – |
| Sanitation (Rand per household per month) | 82 | 82 | 106 | 107 | 107 | 107 | 114 | 121 | 127 |
| Electricity (kwh per household per month) | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Refuse (average litres per week) | 240 | 240 | 240 | 358 | 358 | 358 | 153 | 162 | 170 |
| **Revenue cost of free services provided (R'000)** | | | | | | | | | |
| Property rates (R15 000 threshold rebate) | 286 | 286 | 592 | 636 | 636 | 636 | | | |
| Property rates (other exemptions, reductions and rebates) | 47 | 49 | 52 | 56 | 56 | 56 | 13 540 | 14 488 | 15 212 |
| Water | 1 476 | 1 476 | 1 805 | 2 022 | 2 022 | 2 022 | 187 | 212 | 225 |
| Sanitation | 1 242 | 1 242 | 1 523 | 1 676 | 1 676 | 1 676 | 638 | 638 | 638 |
| Electricity/other energy | 1 999 | 1 999 | 2 689 | 3 254 | 3 254 | 3 254 | 1 988 | 2 207 | 2 451 |
| Refuse | 1 117 | 1 117 | 1 277 | 1 902 | 1 902 | 1 902 | 220 | 220 | 220 |
| Municipal Housing - rental rebates | | | – | | – | – | | | |
| Housing - top structure subsidies | | | – | | – | – | | | |
| Other | | | – | | – | – | | | |
| **Total revenue cost of free services provided (total social package)** | 6 165 | 6 168 | 7 938 | 9 545 | 9 545 | 9 545 | 16 583 | 17 765 | 18 746 |

## Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

# PART 2 - SUPPORTING DOCUMENTATION

## Section 5 – Overview of annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition; chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the IDP and the budget, taking into account the need to protect the financial sustainability of a municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

### Budget process overview

Political overview of the budget process

Section 53 of the MFMA stipulates that the Mayor should exercise general political guidance over the budgeting process and must direct the drafting of the budget.

Schedule of Key Deadlines in respect of the budget process [MFMA section 21(1) (b)]

The Act provides that the formal budget process must commence with the tabling by the Mayor in Council of a schedule setting out the key budget deadlines before the 31 August of each year.

Process followed to integrate the revision of the IDP and drafting of the budget

The budgeting process was integrated with the IDP during the IDP revision mechanism. The outcome of the consultation upon the IDP revision is taken into consideration in the budgeting process.

Process for tabling of the budget before Council for consultation

A statutory period of consultation follows the tabling of the budget. The draft budget needs to be tabled by the mayor before Council on 30 March of each year. Meetings with the local community must be advertised in the local press after tabling of the draft budget.

The Executive Mayor shall consider the outcomes of these consultation meetings and a report in which the reactions are set out shall be tabled at the same meeting where the budget is to be tabled for consideration and approval.

Process for approval of the budget

The budget must be tabled for consideration to Council by the 31 May of each year and approved by Council no later than 30 June of each year.

Process and media used to provide information on the budget to the community

All budget documentation, the MTREF, as well as tariffs and policies, shall be available at Council libraries and offices for perusal. It shall also be available on Council's website.

Advertisements informing the public about the availability of these documents and the schedules for the public hearings on the IDP and budget shall be published in all local papers and be put up at municipal offices and libraries.

## Budget process 2012/13

The Bitou budget process did comply with the prescribed processes.

A schedule of key deadlines was compiled for tabling before Council by the Mayor before the end of August 2011.

The budgeting process was integrated with the IDP during the IDP revision mechanism. The outcome of the consultation; during September and October 2011; was taken into consideration in the budgeting process. As normal the needs exceeded the financial means of the Municipality.

The draft budget was tabled to Council on the 30th March 2012 by the Mayor.

A Council workshop was held on the 23rd April 2012; which was postponed on the 4th and 13th April 2012. At this workshop the budget was presented; explained and an opportunity was given to all Councillors to acquaint themselves with the budget before the public participation process started.

This was followed up by Public participation meetings held on the following dates:

- Ward 3 - Qolweni/Bossiegif - Bicycle shed - 23 April 2012
- Ward 1 - Kurland - 24 April 2012
- Ward 1 - Wittedrift - 25 April 2012
- Ward 6 - Kwa-Nokuthula - 3 May 2012
- Ward 2 - Plett South North - 7 May 2012
- Ward 4 - New Horizon - 8 May 2012
- Ward 5 - Kwa-Nokuthula - 9 May 2012
- Ward 7 - Kranshoek - 10 May 2012

A summary of the outcomes and comments is listed below:

**Ward 1** - All issues raised were more related to questions rather than comments on the budget. For example; clarity was requested and given regarding the housing projects; especially the issue regarding the evaluation criteria applied when deciding on the beneficiaries. An issue was also raised on the road worthiness of school busses during the meeting which was brought to the attention of the Traffic officer present at the meeting.

**Ward 2** - All issues raised were more related to questions rather than comments.

**Ward 3** - The community walked out of the meeting with few comments raised other than the fact that no housing projects were earmarked for this ward.

**Ward 4** - The ward raised their concern that too many consultants were being used whilst local community members are not employed. Examples has also been made that large contracting firms are used instead of rather performing the work with local labour.

The promises of houses and the availability of land for housing were raised for which an explanation was provided regarding the purchase of land. The upgrade of the old houses; storm water and sewerage was highlighted. Concerns were also raised over the water quality.

**Ward 5** - At this meeting the issues raised were:

- No housing;
- Budget does not speak to the community needs; whilst the tariff increase is too high.
- Faulty electricity boxes that are not replaced and the fact that the community is stealing electricity which negatively affects the rest of the community.

**Ward 6** - At this meeting the ward indicated that Council must note that they object to the budget and that the community has lost its patience with the Mayor. The objections include:

- That community development is not viewed as a priority;
- That a reduction in employment numbers occurred;
- That the housing needs are not addressed;
- That the Municipality makes promises that is not kept;
- That job creation is done by the Municipality;
- That there is a lack of middle income group housing; and
- That they object to the serviced sites versus houses.

**Ward 7** - At this meeting it was indicated that RDP houses must be built rather than GAP housing; whilst they requested that the erection of a taxi rank be stopped and that the funding must rather be used for housing. The latter was responded to by indicating that the funding is provided from two different sources of which the one cannot be used for the purposes of the other. Questions were also raised regarding the allocation criteria for beneficiaries of houses.

It is clear from the public consultation process that the Housing related issues are the highest priority and a challenge across all the wards excluding the higher income areas.

Apart from the comments made in the meetings written comments were received.

These comments are attached as Annexure B. The one comment is a standard format which was completed by 305 persons of which only one example was included in the Annexure B.

The Provincial Government has also provided an assessment on the budget documentation as tabled to Council. The result of the assessment and comments by management is attached as Annexure C.

The last page of this document highlighted the key findings. From a budget perspective the concern from Provincial Government was that the Budget is not credible and sustainable due to the fact that the budget is not funded; whilst the tariff increases is high and the affordability of the customers is in doubt.

As a response to the Provincial Government assessment as well as the challenges raised by the Ward consultations and written comments raised; the draft budget was changed by scrutinising; confirming and changing the following figures:

- The operating revenue figure was changed due to new information regarding the revenue enhancement project. The property rates figure was changed from R 81.603 million to R 82.912 million whilst the sanitation revenue was changed from R 31.736 million to R 32.497 million;
- The capital budget was also changed. New borrowings to the value of R 20 million were included.

- Employee related cost - Minor changes was made due to budget errors the recalculated figure is R 111.061 million; whilst the tabled draft figure was R 109.634 million;
- Depreciation charges were recalculated based on the current year capital budget as well as the capital budget of the MTREF. It must be pointed out that a new borrowing of R 20 million has been included in the capital budget. The expected life span was brought in line to the current practices used by Bitou resulting in a recalculated figure of R 21.391 million; whilst the tabled draft figure was R 23.774 million;
- Finance charges were also recalculated; this figure was decreased as a result of the recalculation from R 14.207 million to R 14.112 million after taking into account the 50% of instalment burden of the R 20 million borrowing; whilst the full instalments was included in the outer years.
- The Housing allocation was also broken down into capital and operational budget expenditure; with related recognition of revenue. The allocation stayed the same therefore no alteration to the existing housing program and therefore nothing was really done to address the concerns of the different wards.
- The rest of the expenditure line items was scrutinised and re-classified correctly. The outcome of this reclassification can be viewed in detail in Table SA1.
  In broad the contracted services were R 16.630 million and the other expenditure R 76.146 million as per the table A4 of the tabled budget in March 2012.
  These figures changed tremendously with the new classification:
  - Other materials - R 2.890 million;
  - Contracted services - R 20.124 million;
  - Transfers and grants - R 3.380 million;(More detail of this can be viewed on Table SA21) and
  - Other expenditure - R 60.587 million.
- The proceeds of the anticipated land sale of a portion of site 2096 were reclassified from other revenue to gain on disposal of PPE. This did not affect the bottom line of the budget.
- The accounting treatment of collection cost was changed. The cost incurred was allocated to a suspense account and then recovered by means of a levy on the customer account with the credit being allocated to the suspense; resulting in netting of amounts. This accounting treatment was corrected by creating an expense account in the statement of financial performance account as well as a revenue account. It has influenced the other revenue figure as well as the collection cost as part of other expenditure.
- Some of the cost allocation challenges has been corrected; for example the retired benefits and other employee related benefits that was allocated to the vote of Office of the Mayor in total; was split to the different departments based on the employee related cost of the departments. It was however impossible to correct all the allocation challenges in the short space of time available. Specifically the concern raised by various stakeholders; that the budget does not provide a breakdown of expenditure by ward. At present the ward allocation for capital projects are fairly easy because the project business plan

indicates which area will benefit from the project. In order to perform the same type of exercise the whole costing module should be re-engineered. National treasury is currently busy to develop a standard chart of accounts for all local Municipalities. There were Municipalities identified as pilot sites of which Bitou is not one. It is expected that this chart of accounts will address the whole issue as well.

# Section 6 – Overview of alignment with Integrated Development Plan

The Integrated Development Plan is aimed at addressing service delivery needs on a continuous basis by identifying new needs or areas of improvement. It is however also a well-known fact that the needs far exceed the available resources, and financial resources in particular.

The alignment is best reflected in supporting tables SA4; SA5 and SA6, of the budget.

## Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

| Strategic Objective | Goal | Goal Code | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Basic Services and Infrastructure Development | | A | 169 372 | 207 944 | 229 116 | 220 848 | 205 762 | 210 771 | 223 367 | 233 574 | 255 818 |
| Local Economic Development | | B | 1 593 | 1 956 | 11 228 | 16 086 | 19 158 | 18 700 | 2 524 | 17 766 | 8 739 |
| Financial Viability | | C | 49 146 | 60 338 | 67 309 | 75 412 | 71 990 | 73 123 | 84 204 | 90 098 | 94 834 |
| Institutional Development | | D | 20 444 | 25 100 | 22 976 | 25 511 | 28 633 | 29 253 | 42 240 | 33 855 | 36 868 |
| Good Governance and Transformation | | E | 956 | 1 174 | 644 | 648 | 670 | 549 | 854 | 897 | 942 |
| Allocations to other priorities | | | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | | 241 512 | 296 511 | 331 274 | 338 504 | 326 212 | 332 395 | 353 188 | 376 190 | 397 201 |

## Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

| Strategic Objective | Goal | Goal Code | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Basic Services and Infrastructure Development | | A | 139 501 | 167 483 | 194 643 | 211 703 | 204 459 | 212 420 | 224 694 | 234 324 | 251 029 |
| Local Economic Development | | B | 12 145 | 14 581 | 15 261 | 17 525 | 16 174 | 14 574 | 15 872 | 16 860 | 17 627 |
| Financial Viability | | C | 19 463 | 23 367 | 25 034 | 26 072 | 26 195 | 30 563 | 36 346 | 35 067 | 35 830 |
| Institutional Development | | D | 40 670 | 48 828 | 52 717 | 39 452 | 36 693 | 40 447 | 31 996 | 33 538 | 34 912 |
| Good Governance and Transformation | | E | 17 063 | 20 485 | 18 944 | 25 183 | 23 198 | 22 196 | 23 506 | 24 479 | 25 421 |
| Allocations to other priorities | | | | | | | | | | | |
| Total Expenditure | | | 228 840 | 274 743 | 306 598 | 319 936 | 306 719 | 320 200 | 332 413 | 344 268 | 364 819 |

## Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

| Strategic Objective | Goal | Goal Code | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Basic Services and Infrastructure Development | | A | 69 451 | 126 652 | 101 762 | 43 645 | 50 145 | 50 145 | 42 976 | 43 151 | 45 261 |
| Local Economic Development | | B | 40 | 73 | 58 | 25 | 25 | 25 | - | 200 | - |
| Financial Viability | | C | 48 | 87 | 70 | 30 | 3 130 | 3 130 | - | - | - |
| Insitutional Development | | D | 95 | 174 | 140 | 60 | 60 | 60 | - | - | 200 |
| Good Governance and Transformation | | E | 509 | 929 | 746 | 320 | 320 | 320 | 3 500 | - | - |
| Allocations to other priorities | | | | | | | | | | | |
| Total Capital Expenditure | | | 70 143 | 127 915 | 102 776 | 44 081 | 53 680 | 53 680 | 46 476 | 43 351 | 45 461 |

# Section 7 – Measurable performance objectives and indicators

The non-financial measurable performance objectives and indicators as reflected in supporting table SA7 must still be determined for the next year and included in the annual SDBIP.

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/2013 MTREF.

**Table SA8 - Performance indicators and benchmarks**

| Description of financial indicator | Basis of calculation | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| **Borrowing Management** | | | | | | | | | | |
| Credit Rating | | | | | | | | | | |
| Capital Charges to Operating Expenditure | Interest & Principal Paid /Operating Expenditure | 3.2% | 4.3% | 5.6% | 5.5% | 6.5% | 6.5% | 7.2% | 7.4% | 6.7% |
| Capital Charges to Own Revenue | Finance charges & Repayment of borrowing /Own Revenue | 4.1% | 5.6% | 7.6% | 6.6% | 7.9% | 8.2% | 8.2% | 8.4% | 7.4% |
| Borrowed funding of 'own' capital expenditure | Borrowing/Capital expenditure excl. transfers and grants and contributions | 55.3% | 26.4% | 45.9% | 35.2% | 176.1% | 176.1% | 85.1% | 0.0% | 0.0% |
| **Safety of Capital** | | | | | | | | | | |
| Gearing | Long Term Borrowing/ Funds & Reserves | 3015.5% | 4282.4% | 7037.7% | 1023.1% | 6911.3% | 8539.3% | 1392.9% | 1264.1% | 1153.2% |
| **Liquidity** | | | | | | | | | | |
| Current Ratio | Current assets/current liabilities | 1.7 | 0.8 | 0.5 | 0.9 | 0.4 | 0.4 | 0.5 | 0.6 | 0.6 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 1.7 | 0.8 | 0.5 | 0.9 | 0.4 | 0.4 | 0.5 | 0.6 | 0.6 |
| Liquidity Ratio | Monetary Assets/Current Liabilities | 1.1 | 0.3 | 0.1 | 0.1 | – | 0.0 | 0.0 | 0.1 | 0.1 |
| **Revenue Management** | | | | | | | | | | |
| Annual Debtors Collection Rate (Payment Level %) | Last 12 Mths Receipts/Last 12 Mths Billing | | 129.9% | 88.6% | 100.7% | 104.8% | 89.2% | 95.7% | 92.7% | 93.4% |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) | | | 129.5% | 88.7% | 100.6% | 104.8% | 89.1% | 95.7% | 92.6% | 93.4% |
| Outstanding Debtors to Revenue | Total Outstanding Debtors to Annual Revenue | 12.5% | 14.8% | 15.3% | 14.8% | 18.9% | 13.1% | 11.9% | 11.7% | 10.9% |
| Longstanding Debtors Recovered | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Creditors Management** | | | | | | | | | | |
| Creditors System Efficiency | % of Creditors Paid Within Terms (within`MFMA' s 65(e)) | 99.0% | 95.0% | 99.0% | 99.0% | 99.0% | 99.0% | 100.0% | 100.0% | 100.0% |
| Creditors to Cash and Investments | | 35.6% | 229.7% | 338.3% | 148.5% | -101.9% | -1038.6% | 1258.4% | 667.3% | 439.5% |
| **Other Indicators** | | | | | | | | | | |
| Electricity Distribution Losses (2) | % Volume (units purchased and generated less units sold)/units purchased and generated | 13.2% | 9.9% | 13.2% | 9.0% | 9.0% | 12.5% | 12.5% | 12.5% | 12.5% |
| Water Distribution Losses (2) | % Volume (units purchased and own source less units sold)/Total units purchased and own source | 36.0% | 35.8% | 36.0% | 25.0% | 0.0% | 35.0% | 35.0% | 35.0% | 35.0% |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 31.6% | 32.7% | 37.8% | 34.9% | 32.6% | 33.8% | 33.6% | 34.9% | 34.0% |
| Remuneration | Total remuneration/(Total Revenue - capital revenue) | 0.0% | 33.8% | 38.9% | 36.1% | 33.9% | 35.0% | 35.0% | 36.2% | 35.3% |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 3.9% | 6.4% | 6.8% | 5.1% | 4.9% | 3.9% | 4.0% | 4.1% | 4.0% |
| Finance charges & Depreciation | FC&D/(Total Revenue - capital revenue) | 7.7% | 7.4% | 10.1% | 9.5% | 10.3% | 10.8% | 10.8% | 11.1% | 10.4% |
| **IDP regulation financial viability indicators** | | | | | | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | 21.8 | 26.9 | 30.5 | 31.9 | 31.9 | 31.9 | 24.4 | 25.4 | 27.4 |
| ii.O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 18.8% | 22.0% | 19.7% | 18.1% | 23.6% | 16.4% | 14.7% | 13.6% | 12.6% |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | 3.9 | 1.0 | 0.9 | 0.9 | (1.9) | (0.2) | 0.2 | 0.3 | 0.4 |

## *Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. The borrowing strategy must be primarily informed by the affordability of debt repayments. The structure of the Municipality's debt

portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

- ***Capital charges to operating expenditure*** are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has increased from forecast of 3.3 per cent for 2008/2009 and peaks in 2013/2014 at 7.4 per cent; whilst it decrease at the end of the MTREF to 6.7 per cent in 2014/15. This increase can be attributed to the raising of loans to fund portions of the capital programme. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator indicates that the capital programme from new borrowings is causing the operational budget to be under pressure. The Municipality has reached its prudential borrowing limits.

- ***Borrowing funding of own capital expenditure*** measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The forecast for 2011/2012 is 85.1 per cent. This is an indication that the Municipality is strip from own cash resources; whilst the Municipality has reached its prudential borrowing limits.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the Municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets but more so unrealistic capital programmes from new borrowings.

## Safety of Capital

*The* ***gearing ratio*** is a measure of the total long term borrowings over funds and reserves. The ratio will peaked at 1392.9 per cent. This is primarily a result of the increased borrowing levels and decreasing funds and reserves. As part of the planning guidelines it implicates that the Municipality must ensure proper cash-backing of reserves and funds as a prudent financial sustainability objective and limited new borrowings.

## Liquidity

***Current ratio*** is a measure of the current assets divided by the current liabilities. The ratio came from a high of 1.7 in the 2008/2009 financial year to a low of 0.4 as a forecasted figure for 2011/2012 and then stabilise at 0.6

in the 2014/2015 financial year. Any level below 1.0 is problematic and is indicative of the fact that the Municipality has cash shortages.

***The liquidity ratio*** is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. The ratio has worsened from 1.1 in 2008/2009 to a forecasted zero for 2011/2012. A slight improvement is budgeted at 0.1 in 2014/2015. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into even more serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

## Revenue Management

In order to reach the targets and maintains the level of outstanding debtors to revenue, an aggressive revenue management framework must implemented, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of this strategy should be to ensure accurate billing; customer service; credit control and debt collection.

## Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 date from date invoice/statement. At current this is made possible due to unspent grant funding and a low level of capital and operational expenditure. The liquidity ratio is of concern, by applying daily cash flow management; the municipality must manage its creditors to ensure a 100 per cent compliance rate to this legislative obligation.

## Other Indicators

The ***electricity and water distribution losses*** are high and needs urgent attention especially due to the fact that the resources are under pressure. Initiatives to ensure that these targets are achieved include managing illegal connections and theft.

***Employee costs*** as a percentage of operating revenue has increased from 31.6 per cent in 2008/2009 to a peak of 37.8 per cent in 2010/2011; whilst it stabilised at 34 per cent in 2014/2015. This is primarily due to the non-filling of vacant positions. The Municipality is currently busy to perform an investigation in order to right size.

# Section 8 – Overview of budget-related policies

The **policies** are not included in this budget documentation. It is however available for perusal at Council's head office in Bitou, as well as on the Internet at www.bitou.gov.za This Section offers a **general overview** of the budget policy framework and sets out the amended policy to be approved by Council resolution.

| Name of policy | Type | | Purpose/ Basic areas covered by policy | Summary of changes | Responsible Manager |
|---|---|---|---|---|---|
| **REVENUE-RELATED** | | | | | |
| Tariff | Unchanged | | Set criteria for fixing of services tariffs | N.A. | CFO |
| Property rates | Changed | | Set criteria for fixing property rates | N.A. | CFO |
| Credit control and Debt collection | Unchanged | | Principles and guidelines to be followed i.r.o. control of arrears debts | N.A | CFO |
| **BUDGET AND EXPENDITURE** | | | | | |
| Cash Management and Investment policy | Unchanged | | Guideline of procedures to be followed when money is invested or borrowed | N.A | CFO |
| Budget process | Unchanged | | Set budget principles and procedures | N.A | CFO |
| Borrowing policy | Unchanged | | Borrowing framework for the borrowing of funds | N.A | CFO |

| | | | | | |
|---|---|---|---|---|---|
| Virement policy | Unchanged | | Procedures to shift budgeted amounts between votes | N.A. | CFO |
| Supply Chain Management | Unchanged | | Dictate procedures for the procurement of goods and services | N.A. | CFO |
| Funding and Reserve Policy | Unchanged | | Set guidelines for budget | N.A. | CFO |

# Section 9 – Overview of budget assumptions

## Budget assumptions

Budgets are drafted in uncertain conditions. In order to draft meaningful budgets, assumptions must be made about internal and external factors that may affect the budget. This section offers a detailed summary of the assumptions used in drafting the budget.

## External Factors

Due to the current economic climate, there is no real growth in the municipal area, or in the number of households, which results in a stagnating growth factor. However; in reality the number of poor households (earning < R1 600 p.m.) has increased.

Job opportunities are limited, and the National budget has identified job creation as a priority and suggested that municipal capital and maintenance projects should assist them in this by implementing labour-intensive projects within their financial means. This is a big ask to municipalities in this current economic climate where the contrary is more relevant and where this Municipality is forced to rather down scale on activities due to financial constrains and affordability by the community.

## General inflation outlook and the impact thereof on municipal activities

General inflation (CPIX) is estimated at 5.9% for the 2012/13 financial year.

This naturally leads to expectations that municipal tariffs should increase by more or less the same percentage, which is impossible due to the wage increase settlement at national level, the increase in bulk electricity fees of 13.5% by ESKOM, and also the full implementation of GRAP requirements.

In addition to this, the historical errors of past budgets have impacted on the new proposed tariffs which were discounted for in this budget as a correction of past unrealistic tariffs.

*Interest rates for borrowing and investing funds*

The following assumptions are built into the MTREF;

| | 2012/13 | 2013/14 | 2014/15 |
|---|---|---|---|
| Average Interest Rate - Loans | 11.5% | 11% | 11% |
| Average Interest Rate - Investments | 4.5% | 4.5% | 4.5% |

*Property rates, tariffs, levies and time framework of revenue collection*

The property rates, tariffs and levies for the 2011/12 budget are included in Annexure A.

The table below shows the accepted average percentage increases built into the MTREF for property rates, tariffs and levies;

| | 2012/13 | 2013/14 | 2014/15 |
|---|---|---|---|
| Property rates | 16,2% | 7% | 5% |
| Annual fixed levies - sanitation and sewerage | 16.2% | 7% | 5% |
| Electricity - monthly consumer tariff<br>* *Average proposed increase. The final increases shall be approved by Council after the outcome of NERSA's approval.* | 11.03% | 11.03% | 11.03% |

In general terms the time framework of property rates, tariffs and levies is based on the following:

| | |
|---|---|
| Property rates and annual charges | Annual and monthly accounts in July. Interim accounts during the year as required. |
| Consumer tariffs | Monthly accounts. Prepaid meters. Seasonal variations. |
| Levies | Generally constant throughout the financial year with seasonal deviations |

*Growth or decrease in tax base of the municipality*

The growth in the tax base is the main determining factor of the affordability of new infrastructure development. Long term financial modelling shows a resource shortage in the resources required for infrastructure development over the next 15 years. As mentioned earlier, the expansion of the tax base however shows a stagnating trend with little growth. Should this trend continue; it would result in significant pressure on future rates and other tariffs.

It also seems that the Municipality cannot afford further external loans and it is clear that the municipality will be more dependent on Government Grants to provide in their capital needs.

The stagnated tax base and the increasing needs together with capital deficits shall require prudent and extremely responsible financial planning for the future. We are blessed to live in a very beautiful and special part of the world and we have a huge responsibility to maintain and conserve our precious town and surrounding rural area. To maintain a safe, healthy and attractive environment, with relatively affordable tariffs will be non negotiable.

The following assumptions concerning future growth were made in the MTREF:

| | 2012/13 | 2013/14 | 2014/15 |
|---|---|---|---|
| Growth in tax base - Property rates | .1% | .1% | .1% |
| Consumer levies (%) | 0% | 0% | 0% |

*Collection rates for each revenue source and client type*

The Municipality has a fair yet strict credit control policy in place and a relative above average record of debt collection. Furthermore our policy on indigent support and social rebates means that many households that would normally struggle to pay their accounts receive free or subsidised basic services, which exempts them from the burden of municipal debt.

Despite this, there will always be an element of non payment of accounts. Similar to any other businesses, sufficient provision must be made for bad debt based on assumptions of historical collection rates.

The following assumptions were made in the MTREF for bad debt and collection rates of rates and tariffs.

| | 2012/13 | 2013/14 | 2014/15 |
|---|---|---|---|
| Provision for bad and doubtful debt - R'000 | 20 612 | 20 018 | 19 043 |
| Assumption for collection rate (services levies) | 93% | 94% | 95% |
| Assumption for collection taxes | 90% | 91% | 92% |

*Price fluctuations on specific items*

Bulk purchases from ESKOM:

| | 2012/13 R'000 | 2013/14 R'000 | 2014/15 R'000 |
|---|---|---|---|
| Eskom | 73 882 | 83 850 | 95 165 |

*Average salary increases*

The MTREF includes the following average percentage increases for personnel cost (Councillor Allowances increase subject to announcement by SALGA):

| | 2012/13 | 2013/14 | 2014/15 |
|---|---|---|---|
| Councillors | 5% | 5% | 5% |
| Senior Managers | 5% | 5% | 5% |
| Administrative, professional, technical, clerical staff & manual labourers | 5% | 5% | 5% |
| Medical fund contributions | 5% | 5% | 5% |

*Industrial relations climate, reorganisation and capacity building*

The ability of the Municipality to deliver quality services depends on its staff and the capacity to deliver services to the Bitou community at a viable and sustainable level. To achieve this, the municipality has to rely on quality, reliable and sufficient personnel. Failing to do this will ultimately result in the inability to deliver services and to overcome the challenges which the municipality has to face.

The Municipality has made the following amounts available for training over the MTREF period:

| | 2012/13 R'000 | 2013/14 R'000 | 2014/15 R'000 |
|---|---|---|---|
| Training budget | 742 | 779 | 818 |
| Study aid | 53 | 55 | 58 |

*Changing demand characteristics (demand for services)*

Bitou must respond to changing demand for services due to various possible reasons such as population migration, changing demographic profile technological changes and major infrastructural development.

The introduction of wireless technology in Bitou has made the internet accessible to considerably more people, which enable online interaction with the Municipality. This, together with the upgrading of the financial computer system (SAMRAS D-Base 4); enables electronic account payments and direct access to computer information.

The growth of formal housing in previous years affects the demand for services and poses a challenge to the Municipality on how services are delivered.

*Trend in demand for free and subsidised basic services*

Bitou's criteria for offering free and subsidised services are set out in the policy on indigent support. Government allocates revenue by means of the Distribution of Revenue Act (DORA) in the form of the Equitable Share Grant which has the primary aim of assisting municipalities with the cost of provision of free or subsidised services.

*Impact of national, provincial and local policy*

Bitou's Council has committed to co-operate in partnership with national and provincial government spheres and district municipalities to meet the priority needs of its people.

Expenditure is monitored closely throughout the year and Directors must ensure that capital schemes are supported by concerted planning. The Municipality is continuously revising its capital planning process.

The SDBIP includes monthly cash flow of expenditure and is used as the basis for budget monitoring.

*Implications of restructuring and other major events in the future*

The budget does not make provision for establishing of a Regional Electricity Distributor for Bitou as great uncertainty still exists on how and when it is to be established.

# Section 10 – Overview of budget funding

## Funding of the Budget

Section 18(1) of the MFMA determines that an annual budget can only be funded from:

- Realistically expected revenue to be collected;
- Cash-backed accumulated funds of preceding years' surpluses not earmarked for other purposes; and
- Borrowed funds, but only for the capital budget referred to in Section 17.

Full achievement of this requirement effectively entails that a Council 'balances' its budget by ensuring that the budgeted outflow balances with a combination of planned inflow.

## Credible Budget

A credible budget, among other things, is a budget, which:

- Only funds activities which are in line with the revised DIP and vice versa and which ensures that the IDP is realistically achievable while taking account of the financial restrictions of the municipality;
- Is achievable in respect of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are in line with current and previous performance and that are supported by documented evidence of future assumptions;
- Does not compromise the financial viability of the municipality (ensures that the financial position is contained within generally accepted prudent limits and that obligations can be met in the short, medium and long term); and
- Provides managers with suitable levels of delegation to enable them to fulfil their financial managerial responsibilities.

A budget sets out certain service delivery levels and accompanying financial implications. Consequently the community must realistically expect to receive these promised service levels and to understand the accompanying financial implications. High under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and realistic.

Furthermore, budgets tabled as early as 90 days before the start of the budget year, must remain credible and fairly close to the final approved budget.

## Fiscal Overview of Bitou Municipality

Bitou Municipality is unable to afford the salaries of qualified personnel to address and apply the needs and prescripts of GRAP. Qualified personnel to draft the statutory financial statements and reporting are a prerequisite of GRAP. There is a shortage of qualified accountants in South Africa and due to the technical complexity of GRAP implementation in local government, and the fact that a shortage already exists outside the metropolitan areas, it is highly improbably that qualified accountants would be available to work for the salaries offered. Bitou has therefore taken steps to manage the situation externally.

Long term financial planning

Long term loans are a method of ensuring that the principle of "the future consumers or beneficiaries of the assets financed by the loan, also contribute to the future use or benefit arising from the assets", and this principal was applied as a long term financial strategy in the past. However, this normal practise could not be applied in this year's budget because the finance cost to re-pay further loans is not affordable at this stage. This now has the result that capital spending could only be possible if Government Grants are allocated to the Municipality.

It is also evident that the present cash-flow situation will forced Council to refrain from capital projects funded with operational revenue and loans until the cash position has normalised.

The municipality has made provision, although not cash- backed, for long-term employee benefits consisting of medical aid contributions for retired personnel and for the payment of long service bonuses.

As stated earlier in the report, it is the first time that the budget is fully compliant with GRAP standards. This will assist the basis for sound financial practices and compliance in terms of the MFMA and GRAP.

## Sources of funding

Interest earned from investments is recorded in the operating revenue budget. The interest earned is expected to remain constant due to a relative stable national monetary policy regarding interest rates and the fact that due to the pressure on council's cash and cash equivalents, no increase in investments will be possible.

The following tables summarised the budgeted interest as reflected in the MTREF;

| | 2012/13 (R'000) | 2013/14 (R'000) | 2014/15 (R'000) |
|---|---|---|---|
| Investment interest | 506 | 531 | 558 |

## Contributions and donations

The Municipality may receive augmentation fees which serve as bulk service levies from new developers to provide infrastructure and other works as part of the conditions set with the granting process. This is very unpredictable but with the existing economic climate it is expected that new developments will not follow past tendencies.

## Selling of assets

The Municipality is revising its land and asset ownership as part of its longer term financial strategy. Major asset sales are therefore excluded from the MTREF at this stage.

# Section 11 – Expenditure on grant allocations and grant programmes

Supporting tables SA18; SA19 and SA20 provides details of receipts; expenditure and unspent balances of all the transfers and grants received.

## Table SA18 – Receipts of transfers and grant programmes

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| RECEIPTS: | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | |
| National Government: | 1 650 | 17 440 | 21 036 | 22 991 | 22 455 | 22 455 | 25 425 | 27 553 | 29 968 |
| Local Government Equitable Share | – | 14 309 | 17 536 | 20 415 | 20 415 | 20 415 | 23 375 | 25 403 | 27 568 |
| Finance Management | 1 250 | 2 677 | 2 750 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 450 |
| Municipal Systems Improvement | 400 | 400 | 750 | 790 | 790 | 790 | 800 | 900 | 950 |
| EPWP Incentive | – | – | – | 536 | – | – | – | – | – |
| MIG | – | 54 | – | – | – | – | – | – | – |
| Provincial Government: | 18 951 | 33 218 | 43 558 | 16 804 | 2 745 | 2 745 | 13 207 | 3 056 | 3 056 |
| Housing | 18 442 | 32 637 | 43 133 | 16 327 | – | – | 8 000 | 3 000 | 3 000 |
| Sport and Recreation | – | – | – | – | – | – | 200 | – | – |
| EPWP | – | – | – | – | – | – | 1 000 | – | – |
| Maintenance of Proclaimed Main Roads | – | – | – | 477 | 2 445 | 2 445 | 46 | – | – |
| Library Services | 188 | 184 | 350 | – | – | – | 468 | – | – |
| Municipal Replacement Funding | – | – | – | – | – | – | 3 439 | – | – |
| Spatial Planning Grant and Traffic Disaster Grant | – | – | – | – | 100 | 100 | – | – | – |
| Provincial Management Support Grant | – | 325 | – | – | 200 | 200 | – | – | – |
| Umsobomvu Youth Fund | 250 | – | – | – | – | – | – | – | – |
| Community Development Workers | 72 | 72 | 75 | – | – | – | 54 | 56 | 56 |
| District Municipality: | – | – | – | – | – | – | – | – | – |
| *Eden Water Asistance Grant* | – | – | – | – | – | – | – | – | – |
| | – | – | – | – | – | – | – | – | – |
| Other grant providers: | – | – | – | 800 | 800 | 800 | – | – | – |
| *Proclaimed Main Roads* | – | – | – | 800 | 800 | 800 | – | – | – |
| | – | – | – | – | – | – | – | – | – |
| Total Operating Transfers and Grants | 20 601 | 50 658 | 64 595 | 40 595 | 26 000 | 26 000 | 38 632 | 30 609 | 33 024 |
| Capital Transfers and Grants | | | | | | | | | |
| National Government: | 38 640 | 20 752 | 44 709 | 32 081 | 24 071 | 24 071 | 15 368 | 31 459 | 26 991 |
| Municipal Infrastructure Grant (MIG) | 8 751 | 9 991 | – | 12 081 | 12 081 | 12 081 | 14 655 | 15 459 | 16 353 |
| Neighbourhood Development Partnership | – | 5 000 | 14 709 | 14 000 | 9 990 | 9 990 | 213 | 15 000 | 5 738 |
| | – | – | – | – | – | – | – | – | – |
| Flood Monies | 29 089 | – | – | – | – | – | – | – | – |
| Finance Management | – | 73 | – | – | – | – | – | – | – |
| DWAF | – | – | 20 000 | – | – | – | | | |
| National Electrification Program | 800 | 5 688 | 10 000 | 6 000 | 2 000 | 2 000 | 500 | 1 000 | 4 000 |
| Provincial Government: | – | 22 980 | 9 272 | – | – | – | 7 608 | 10 162 | 10 820 |
| Housing - Infrastructure | – | 22 980 | 9 272 | – | – | – | 7 608 | 10 162 | 10 820 |
| District Municipality: | – | – | 1 000 | – | – | – | – | – | – |
| *Eden Water Asistance Grant* | – | – | 1 000 | – | – | – | – | – | – |
| | – | – | – | – | – | – | – | – | – |
| Other grant providers: | – | – | – | – | – | – | – | – | – |
| *Proclaimed Main Roads* | – | – | – | – | – | – | – | – | – |
| | – | – | – | – | – | – | – | – | – |
| Total Capital Transfers and Grants | 38 640 | 43 732 | 54 981 | 32 081 | 24 071 | 24 071 | 22 976 | 41 621 | 36 911 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | 59 241 | 94 390 | 119 576 | 72 676 | 50 071 | 50 071 | 61 608 | 72 230 | 69 935 |

## Table SA19 - Expenditure on transfers and grant programmes

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| EXPENDITURE: | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | |
| National Government: | 2 263 | 17 386 | 21 090 | 22 991 | 22 455 | 22 455 | 25 425 | 27 553 | 29 968 |
| Local Government Equitable Share | – | 14 309 | 17 536 | 20 415 | 20 415 | 20 415 | 23 375 | 25 403 | 27 568 |
| Finance Management | 1 863 | 2 677 | 2 750 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 450 |
| Municipal Systems Improvement | 400 | 400 | 750 | 790 | 790 | 790 | 800 | 900 | 950 |
| EPWP Incentive | – | – | – | 536 | – | – | – | – | – |
| MIG | – | – | 54 | – | – | – | – | – | – |
| Provincial Government: | 32 684 | 21 890 | 25 301 | 16 804 | 19 438 | 19 438 | 13 207 | 3 056 | 3 056 |
| Housing | 31 913 | 21 611 | 24 716 | 16 327 | 16 327 | 16 327 | 8 000 | 3 000 | 3 000 |
| Sport and Recreation | – | – | – | – | – | – | 200 | – | – |
| EPWP | – | – | – | – | – | – | 1 000 | – | – |
| Maintenance of Proclaimed Main Roads | – | – | – | 477 | 2 546 | 2 546 | 46 | – | – |
| Library Services | 188 | 184 | 350 | – | – | – | 458 | – | – |
| Municipal Replacement Funding | – | – | – | – | – | – | 3 439 | – | – |
| MMC Kurland | 0 | – | – | – | 17 | 17 | | | |
| Spatial Planning Grant and Traffic Disaster Grant | – | – | – | – | 184 | 184 | | | |
| Provincial Management Support Grant | – | – | 160 | – | 364 | 364 | | | |
| Umsobomvu Youth Fund | 228 | 22 | – | – | – | – | | | |
| Revenue enhancement grant | 283 | – | – | – | – | – | | | |
| Community Development Workers | 72 | 72 | 75 | – | – | – | 54 | 56 | 56 |
| District Municipality: | – | – | – | – | – | – | – | – | – |
| *Eden Water Asistance Grant* | – | – | – | – | – | – | – | – | – |
| | – | – | – | – | – | – | – | – | – |
| Other grant providers: | – | – | – | – | 800 | 800 | – | – | – |
| *Proclaimed Main Roads* | – | – | – | – | 800 | 800 | – | – | – |
| | – | – | – | – | – | – | – | – | – |
| Total operating expenditure of Transfers and Grants: | 34 947 | 39 275 | 46 392 | 39 795 | 42 693 | 42 693 | 38 632 | 30 609 | 33 024 |
| Capital expenditure of Transfers and Grants | | | | | | | | | |
| National Government: | 26 338 | 24 460 | 50 943 | 30 081 | 31 845 | 31 845 | 15 368 | 31 459 | 26 091 |
| Municipal Infrastructure Grant (MIG) | 5 880 | 9 631 | 9 040 | 12 081 | 12 081 | 12 081 | 14 655 | 15 459 | 16 353 |
| Neighbourhood Development Partnership | – | 1 468 | 10 709 | 14 000 | 17 522 | 17 522 | 213 | 15 000 | 5 738 |
| | 19 529 | 9 560 | – | – | – | – | – | – | – |
| Flood Monies | – | 73 | – | – | – | – | – | – | – |
| DWAF | – | – | 20 000 | – | – | – | – | – | – |
| National Electrification Program | 929 | 3 728 | 11 194 | 4 000 | 2 243 | 2 243 | 500 | 1 000 | 4 000 |
| Provincial Government: | – | 22 980 | 9 272 | – | – | – | 7 608 | 10 162 | 10 820 |
| Housing - Infrastructure | – | 22 980 | 9 272 | – | – | – | 7 608 | 10 162 | 10 820 |
| District Municipality: | – | – | 1 000 | – | – | – | – | – | – |
| *Eden Water Asistance Grant* | – | – | 1 000 | – | – | – | – | – | – |
| Other grant providers: | – | – | – | – | – | – | – | – | – |
| *Proclaimed Main Roads* | – | – | – | – | – | – | – | – | – |
| | – | – | – | – | – | – | – | – | – |
| Total capital expenditure of Transfers and Grants | 26 338 | 47 440 | 61 215 | 30 081 | 31 845 | 31 845 | 22 976 | 41 621 | 36 911 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | 61 286 | 86 716 | 107 607 | 69 876 | 74 539 | 74 539 | 61 608 | 72 230 | 69 935 |

## Table SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| **Operating transfers and grants:** | | | | | | | | | |
| **National Government:** | | | | | | | | | |
| Balance unspent at beginning of the year | 613 | – | 54 | | | | – | – | – |
| Current year receipts | 1 650 | 17 440 | 21 036 | 22 991 | 22 455 | 22 455 | 25 425 | 27 553 | 29 968 |
| **Conditions met - transferred to revenue** | 2 263 | 17 386 | 21 090 | 22 991 | 22 455 | 22 455 | 25 425 | 27 553 | 29 968 |
| Conditions still to be met - transferred to liabilities | – | 54 | – | – | – | – | – | – | – |
| **Provincial Government:** | | | | | | | | | |
| Balance unspent at beginning of the year | 10 354 | (3 379) | 7 949 | 26 206 | 26 206 | 26 206 | 9 513 | 9 513 | 9 513 |
| Current year receipts | 18 951 | 33 218 | 43 558 | 16 804 | 2 745 | 2 745 | 13 207 | 3 056 | 3 056 |
| **Conditions met - transferred to revenue** | 32 684 | 21 890 | 25 301 | 16 804 | 19 438 | 19 438 | 13 207 | 3 056 | 3 056 |
| Conditions still to be met - transferred to liabilities | (3 379) | 7 949 | 26 206 | 26 206 | 9 513 | 9 513 | 9 513 | 9 513 | 9 513 |
| **District Municipality:** | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | – | – | – |
| Current year receipts | – | – | – | – | – | – | – | – | – |
| **Conditions met - transferred to revenue** | – | – | – | – | – | – | – | – | – |
| Conditions still to be met - transferred to liabilities | – | – | – | – | – | – | – | – | – |
| **Other grant providers:** | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | – | – | – |
| Current year receipts | – | – | – | 800 | 800 | 800 | – | – | – |
| **Conditions met - transferred to revenue** | – | – | – | – | 800 | 800 | – | – | – |
| Conditions still to be met - transferred to liabilities | – | – | – | 800 | – | – | – | – | – |
| **Total operating transfers and grants revenue** | 34 947 | 39 275 | 46 392 | 39 795 | 42 693 | 42 693 | 38 632 | 30 609 | 33 024 |
| **Total operating transfers and grants - CTBM** | (3 379) | 8 003 | 26 206 | 27 006 | 9 513 | 9 513 | 9 513 | 9 513 | 9 513 |
| **Capital transfers and grants:** | | | | | | | | | |
| **National Government:** | | | | | | | | | |
| Balance unspent at beginning of the year | 5 415 | 17 717 | 14 009 | 7 775 | 7 775 | 7 775 | 0 | 0 | 0 |
| Current year receipts | 38 640 | 20 752 | 44 709 | 32 081 | 24 071 | 24 071 | 15 368 | 31 459 | 26 091 |
| **Conditions met - transferred to revenue** | 26 338 | 24 460 | 50 943 | 30 081 | 31 845 | 31 845 | 15 368 | 31 459 | 26 091 |
| Conditions still to be met - transferred to liabilities | 17 717 | 14 009 | 7 775 | 9 775 | 0 | 0 | 0 | 0 | 0 |
| **Provincial Government:** | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | – | – | – |
| Current year receipts | – | 22 980 | 9 272 | – | – | – | 7 608 | 10 162 | 10 820 |
| **Conditions met - transferred to revenue** | – | 22 980 | 9 272 | – | – | – | 7 608 | 10 162 | 10 820 |
| Conditions still to be met - transferred to liabilities | – | – | – | – | – | – | – | – | – |
| **District Municipality:** | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | – | – | – |
| Current year receipts | – | – | 1 000 | – | – | – | – | – | – |
| **Conditions met - transferred to revenue** | – | – | 1 000 | – | – | – | – | – | – |
| Conditions still to be met - transferred to liabilities | – | – | – | – | – | – | – | – | – |
| **Other grant providers:** | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | – | – | – |
| Current year receipts | – | – | – | – | – | – | – | – | – |
| **Conditions met - transferred to revenue** | – | – | – | – | – | – | – | – | – |
| Conditions still to be met - transferred to liabilities | – | – | – | – | – | – | – | – | – |
| **Total capital transfers and grants revenue** | 26 338 | 47 440 | 61 215 | 30 081 | 31 845 | 31 845 | 22 976 | 41 621 | 36 911 |
| **Total capital transfers and grants - CTBM** | 17 717 | 14 009 | 7 775 | 9 775 | 0 | 0 | 0 | 0 | 0 |
| **TOTAL TRANSFERS AND GRANTS REVENUE** | 61 286 | 86 716 | 107 607 | 69 876 | 74 539 | 74 539 | 61 608 | 72 230 | 69 935 |
| **TOTAL TRANSFERS AND GRANTS - CTBM** | 14 337 | 22 012 | 33 981 | 36 781 | 9 513 | 9 513 | 9 513 | 9 513 | 9 513 |

# Section 12 – Grants and allocations made by the Municipality

Supporting table SA21 provides details of grants and allocations made by the Municipality.

**Table SA21 - Summary of grants and transfers made by the Municipality**

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Cash Transfers to other municipalities | | | | | | | | | |
| *None* | – | – | – | – | – | – | – | – | – |
| Total Cash Transfers To Municipalities: | – | – | – | – | – | – | – | – | – |
| Cash Transfers to Entities/Other External Mechanisms | | | | | | | | | |
| *None* | – | – | – | – | – | – | – | – | – |
| Total Cash Transfers To Entities/Ems' | – | – | – | – | – | – | – | – | – |
| Cash Transfers to other Organs of State | | | | | | | | | |
| *None* | – | – | – | – | – | – | – | – | – |
| Total Cash Transfers To Other Organs Of State: | – | – | – | – | – | – | – | – | – |
| Cash Transfers to Organisations | | | | | | | | | |
| *Mayoral interventions* | 31 573 | 422 | 169 | 450 | 2 683 | 2 683 | 1 500 | 1 575 | 1 654 |
| Tourism Association | – | – | – | – | – | – | 1 880 | 1 933 | 1 979 |
| Total Cash Transfers To Organisations | 31 573 | 422 | 169 | 450 | 2 683 | 2 683 | 3 380 | 3 508 | 3 633 |
| Cash Transfers to Groups of Individuals | | | | | | | | | |
| *None* | – | – | – | – | – | – | – | – | – |
| Total Cash Transfers To Groups Of Individuals: | – | – | – | – | – | – | – | – | – |
| TOTAL CASH TRANSFERS AND GRANTS | 31 573 | 422 | 169 | 450 | 2 683 | 2 683 | 3 380 | 3 508 | 3 633 |
| Non-Cash Transfers to other municipalities | | | | | | | | | |
| *None* | – | – | – | – | – | – | – | – | – |
| Total Non-Cash Transfers To Municipalities: | – | – | – | – | – | – | – | – | – |
| Non-Cash Transfers to Entities/Other External Mechanisms | | | | | | | | | |
| *None* | – | – | – | – | – | – | – | – | – |
| Total Non-Cash Transfers To Entities/Ems' | – | – | – | – | – | – | – | – | – |
| Non-Cash Transfers to other Organs of State | | | | | | | | | |
| *None* | – | – | – | – | – | – | – | – | – |
| Total Non-Cash Transfers To Other Organs Of State: | – | – | – | – | – | – | – | – | – |
| Non-Cash Grants to Organisations | | | | | | | | | |
| *None* | – | – | – | – | – | – | – | – | – |
| Total Non-Cash Grants To Organisations | – | – | – | – | – | – | – | – | – |
| Groups of Individuals | | | | | | | | | |
| *None* | – | – | – | – | – | – | – | – | – |
| Total Non-Cash Grants To Groups Of Individuals: | – | – | – | – | – | – | – | – | – |
| TOTAL NON-CASH TRANSFERS AND GRANTS | – | – | – | – | – | – | – | – | – |
| TOTAL TRANSFERS AND GRANTS | 31 573 | 422 | 169 | 450 | 2 683 | 2 683 | 3 380 | 3 508 | 3 633 |

## Allocations made by the Municipality

All allocations made to an external body must comply with the requirements of Section 67 of the MFMA. This provides that before any funds may be transferred to an external organisation, the Municipal Manager as accounting officer must be satisfied that the organisation or body has the capacity to fulfil the agreement and has sufficient financial management and other systems in place.

National Treasury further indicated in MFMA circular 51 that no discretionary funds may be appropriated in the budget seeing as such funds are not transparent during the consultation process.

# Section 13 – Annual budgets and service delivery and budget implementation plan

The disclosure of the annual budget and the service delivery and budget implementation plan is best illustrated in supporting table SA7 for the non financial indicators and in the monthly targets for revenue, expenditure and cash flow as per supporting tables SA25; SA26; SA27; SA28; SA29 and SA30.

At the time of compiling this report the non financial indicators was not ready for inclusion. The timeframes in the legislative framework allow the Municipal Manager 14 days after approval of the budget to submit the draft to the Mayor.

The financial monthly targets are however included below.

## Table SA25 - Budgeted monthly revenue and expenditure

| Description | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue By Source | | | | | | | | | | | | | | | |
| Property rates | 81 254 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 1 575 | 8 | 82 912 | 88 804 | 93 338 |
| Property rates - penalties & collection charges | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 276 | 3 306 | 3 538 | 3 715 |
| Service charges - electricity revenue | 6 722 | 7 252 | 7 870 | 7 870 | 7 870 | 7 870 | 6 722 | 7 252 | 7 870 | 7 870 | 7 870 | 11 403 | 94 443 | 104 861 | 116 427 |
| Service charges - water revenue | 2 249 | 2 422 | 2 624 | 2 624 | 2 624 | 2 624 | 2 249 | 2 422 | 2 624 | 2 624 | 2 624 | 3 778 | 31 491 | 33 355 | 34 668 |
| Service charges - sanitation revenue | 32 432 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 32 | 32 497 | 34 817 | 38 008 |
| Service charges - refuse revenue | 19 186 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 19 | 19 224 | 20 585 | 21 625 |
| Service charges - other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 2 060 | 2 163 | 2 271 |
| Interest earned - external investments | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 506 | 531 | 558 |
| Interest earned - outstanding debtors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends received | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fines | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 4 988 | 5 237 | 5 499 |
| Licences and permits | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 240 | 250 | 300 |
| Agency services | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 856 | 893 | 937 |
| Transfers recognised - operational | 3 225 | 3 225 | 3 225 | 3 225 | 3 225 | 3 225 | 3 225 | 3 225 | 3 225 | 3 225 | 3 225 | 3 225 | 38 702 | 36 684 | 33 109 |
| Other revenue | 658 | 658 | 658 | 658 | 658 | 658 | 658 | 658 | 658 | 658 | 658 | 658 | 7 893 | 8 747 | 9 727 |
| Gains on disposal of PPE | 925 | 925 | 925 | 925 | 925 | 925 | 925 | 925 | 925 | 925 | 925 | 925 | 11 100 | 105 | 110 |
| Total Revenue (excluding capital transfers and | 147 647 | 15 492 | 16 312 | 16 312 | 16 312 | 16 312 | 14 789 | 15 492 | 16 312 | 16 312 | 17 879 | 21 044 | 330 212 | 334 569 | 360 290 |
| Expenditure By Type | | | | | | | | | | | | | | | |
| Employee related costs | 8 737 | 8 737 | 8 737 | 8 737 | 14 958 | 8 737 | 8 737 | 8 737 | 8 737 | 8 737 | 8 737 | 8 737 | 111 061 | 116 614 | 122 445 |
| Remuneration of councillors | 346 | 346 | 346 | 346 | 346 | 346 | 485 | 363 | 363 | 363 | 363 | 363 | 4 374 | 4 592 | 4 822 |
| Debt impairment | 1 718 | 1 718 | 1 718 | 1 718 | 1 718 | 1 718 | 1 718 | 1 718 | 1 718 | 1 718 | 1 718 | 1 718 | 20 612 | 20 018 | 19 043 |
| Depreciation & asset impairment | 1 783 | 1 783 | 1 783 | 1 783 | 1 783 | 1 783 | 1 783 | 1 783 | 1 783 | 1 783 | 1 783 | 1 783 | 21 391 | 22 954 | 24 495 |
| Finance charges | 32 | 32 | 32 | 32 | 32 | 7 168 | 32 | 32 | 32 | 32 | 32 | 6 619 | 14 112 | 14 128 | 12 915 |
| Bulk purchases | 5 279 | 5 684 | 6 157 | 6 157 | 6 157 | 6 157 | 5 279 | 5 684 | 6 157 | 6 157 | 6 157 | 8 859 | 73 882 | 83 850 | 95 165 |
| Other materials | - | - | - | - | - | - | - | - | - | - | - | 2 890 | 2 890 | 3 038 | 3 191 |
| Contracted services | 1 677 | 1 677 | 1 677 | 1 677 | 1 677 | 1 677 | 1 677 | 1 677 | 1 677 | 1 677 | 1 677 | 1 677 | 20 124 | 19 031 | 19 982 |
| Transfers and grants | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 3 380 | 3 508 | 3 633 |
| Other expenditure | 4 967 | 4 972 | 4 978 | 4 978 | 4 978 | 4 978 | 4 967 | 4 972 | 4 978 | 4 978 | 4 978 | -5 863 | 60 587 | 56 534 | 59 128 |
| Loss on disposal of PPE | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | 24 819 | 25 229 | 25 708 | 25 708 | 31 930 | 32 844 | 24 959 | 25 247 | 25 725 | 25 725 | 25 726 | 38 791 | 332 413 | 344 258 | 364 819 |
| Surplus/(Deficit) | 122 828 | (9 738) | (9 397) | (9 397) | (15 618) | (16 533) | (10 170) | (9 755) | (9 414) | (9 414) | (7 847) | (17 747) | (2 201) | (9 699) | (4 529) |
| Transfers recognised - capital | 433 | 846 | 6 115 | 4 611 | 5 011 | 4 011 | 4 261 | 5 011 | 5 011 | 1 833 | 1 088 | (15 259) | 22 976 | 41 621 | 36 911 |
| Contributions recognised - capital | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Contributed assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 123 262 | (8 891) | (3 281) | (4 785) | (10 607) | (12 521) | (5 909) | (4 744) | (4 403) | (7 581) | (6 759) | (33 005) | 20 775 | 31 922 | 32 382 |
| Taxation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Attributable to minorities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) | 123 262 | (8 891) | (3 281) | (4 785) | (10 607) | (12 521) | (5 909) | (4 744) | (4 403) | (7 581) | (5 759) | (33 005) | 20 775 | 31 922 | 32 382 |

## Table SA26 - Budgeted monthly revenue and expenditure (municipal vote)

| Description | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue by Vote | | | | | | | | | | | | | | | |
| Vote 1 - OFFICE OF THE MAYOR | 3 500 | 3 500 | 3 500 | 3 500 | 3 500 | 3 500 | 3 500 | 3 500 | 3 500 | 3 500 | 3 500 | 3 500 | 42 000 | 33 605 | 36 568 |
| Vote 2 - MUNICIPAL MANAGER'S OFFICE | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - COMMUNITY SERVICES | 21 538 | 2 355 | 2 355 | 2 355 | 2 355 | 2 355 | 2 355 | 2 355 | 2 355 | 2 355 | 2 355 | 2 372 | 47 457 | 41 642 | 43 736 |
| Vote 4 - CORPORATE SERVICES | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 460 | 485 | 515 |
| Vote 5 - FINANCIAL SERVICES | 81 361 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 1 683 | 116 | 84 204 | 90 098 | 94 834 |
| Vote 6 - STRATEGIC SERVICES | 232 | 232 | 232 | 232 | 232 | 232 | 232 | 232 | 232 | 232 | 232 | 232 | 2 789 | 18 041 | 9 059 |
| Vote 7 - PUBLIC WORKS | 42 891 | 11 165 | 11 985 | 11 985 | 11 985 | 11 985 | 10 492 | 11 165 | 11 985 | 11 985 | 11 985 | 16 700 | 176 279 | 192 319 | 212 489 |
| Vote 8 - HEALTH | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | 149 562 | 17 406 | 18 226 | 18 226 | 18 226 | 18 226 | 16 703 | 17 406 | 18 226 | 18 226 | 19 793 | 22 959 | 353 188 | 376 190 | 397 201 |
| Expenditure by Vote to be appropriated | | | | | | | | | | | | | | | |
| Vote 1 - OFFICE OF THE MAYOR | 2 243 | 2 243 | 2 243 | 2 243 | 2 530 | 2 243 | 2 383 | 2 261 | 2 261 | 2 261 | 2 261 | 2 261 | 27 432 | 28 507 | 29 884 |
| Vote 2 - MUNICIPAL MANAGER'S OFFICE | 574 | 574 | 574 | 574 | 867 | 574 | 574 | 574 | 574 | 574 | 574 | 574 | 7 206 | 7 563 | 7 938 |
| Vote 3 - COMMUNITY SERVICES | 6 503 | 6 503 | 6 503 | 6 503 | 8 856 | 7 147 | 6 503 | 6 503 | 6 503 | 6 503 | 6 503 | 7 097 | 81 610 | 78 385 | 81 716 |
| Vote 4 - CORPORATE SERVICES | 1 072 | 1 072 | 1 072 | 1 072 | 1 585 | 1 079 | 1 072 | 1 072 | 1 072 | 1 072 | 1 072 | 1 079 | 13 394 | 14 096 | 14 883 |
| Vote 5 - FINANCIAL SERVICES | 2 959 | 2 959 | 2 959 | 2 959 | 3 797 | 2 959 | 2 959 | 2 959 | 2 959 | 2 959 | 2 959 | 2 959 | 36 346 | 35 067 | 35 830 |
| Vote 6 - STRATEGIC SERVICES | 1 122 | 1 122 | 1 122 | 1 122 | 1 553 | 1 952 | 1 122 | 1 122 | 1 122 | 1 122 | 1 122 | 1 888 | 15 490 | 16 476 | 16 619 |
| Vote 7 - PUBLIC WORKS | 10 656 | 11 067 | 11 546 | 11 546 | 13 054 | 17 202 | 10 656 | 11 067 | 11 546 | 11 546 | 11 546 | 19 504 | 150 934 | 164 174 | 177 951 |
| Vote 8 - HEALTH | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure by Vote | 25 130 | 25 541 | 26 020 | 26 020 | 32 242 | 33 156 | 25 270 | 25 558 | 26 038 | 26 038 | 26 038 | 35 362 | 332 413 | 344 268 | 364 819 |
| Surplus/(Deficit) before assoc. | 124 431 | (8 135) | (7 794) | (7 794) | (14 015) | (14 930) | (8 567) | (8 152) | (7 811) | (7 811) | (6 244) | (12 404) | 20 775 | 31 922 | 32 382 |
| Taxation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Attributable to minorities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) | 124 431 | (8 135) | (7 794) | (7 794) | (14 015) | (14 930) | (8 567) | (8 152) | (7 811) | (7 811) | (6 244) | (12 404) | 20 775 | 31 922 | 32 382 |

## Table SA27 - Budgeted monthly revenue and expenditure (standard classification)

| Description | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue - Standard | | | | | | | | | | | | | | | |
| *Governance and administration* | 84 923 | 3 678 | 3 678 | 3 678 | 3 678 | 3 678 | 3 678 | 3 678 | 3 678 | 3 678 | 5 245 | 3 678 | 126 947 | 124 484 | 132 222 |
| Executive and council | 3 500 | 3 500 | 3 500 | 3 500 | 3 500 | 3 500 | 3 500 | 3 500 | 3 500 | 3 500 | 3 500 | 3 500 | 42 000 | 33 605 | 36 568 |
| Budget and treasury office | 81 351 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 1 683 | 116 | 84 204 | 90 098 | 94 834 |
| Corporate services | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 744 | 781 | 820 |
| *Community and public safety* | 2 266 | 2 266 | 2 266 | 2 266 | 2 266 | 2 266 | 2 266 | 2 266 | 2 266 | 2 266 | 2 266 | 2 266 | 27 197 | 21 019 | 22 071 |
| Community and social services | 328 | 328 | 328 | 328 | 328 | 328 | 328 | 328 | 328 | 328 | 328 | 328 | 3 938 | 33 | 37 |
| Sport and recreation | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 1 444 | 1 307 | 1 372 |
| Public safety | 502 | 502 | 502 | 502 | 502 | 502 | 502 | 502 | 502 | 502 | 502 | 502 | 6 029 | 6 330 | 6 647 |
| Housing | 1 315 | 1 315 | 1 315 | 1 315 | 1 315 | 1 315 | 1 315 | 1 315 | 1 315 | 1 315 | 1 315 | 1 315 | 15 786 | 13 349 | 14 016 |
| Health | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| *Economic and environmental services* | 192 | 192 | 192 | 192 | 192 | 192 | 192 | 192 | 192 | 192 | 192 | 192 | 2 308 | 17 488 | 8 478 |
| Planning and development | 189 | 189 | 189 | 189 | 189 | 189 | 189 | 189 | 189 | 189 | 189 | 189 | 2 262 | 17 488 | 8 478 |
| Road transport | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 46 | - | - |
| Environmental protection | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| *Trading services* | 62 159 | 11 249 | 12 069 | 12 069 | 12 069 | 12 069 | 10 547 | 11 249 | 12 069 | 12 069 | 12 069 | 16 802 | 196 493 | 212 942 | 234 153 |
| Electricity | 6 822 | 7 352 | 7 970 | 7 970 | 7 970 | 7 970 | 6 822 | 7 352 | 7 970 | 7 970 | 7 970 | 11 502 | 95 638 | 105 590 | 121 193 |
| Water | 3 502 | 3 675 | 3 877 | 3 877 | 3 877 | 3 877 | 3 502 | 3 675 | 3 877 | 3 877 | 3 877 | 5 031 | 46 524 | 49 223 | 51 467 |
| Waste water management | 32 563 | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 164 | 34 070 | 36 506 | 39 829 |
| Waste management | 19 272 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 106 | 20 260 | 20 623 | 21 665 |
| *Other* | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 243 | 257 | 276 |
| Total Revenue - Standard | 149 562 | 17 406 | 18 226 | 18 226 | 18 226 | 18 226 | 16 703 | 17 406 | 18 226 | 18 226 | 19 793 | 22 959 | 353 188 | 376 190 | 397 201 |
| Expenditure - Standard | | | | | | | | | | | | | | | |
| *Governance and administration* | 7 019 | 7 019 | 7 019 | 7 019 | 8 966 | 7 850 | 7 159 | 7 037 | 7 037 | 7 037 | 7 037 | 7 803 | 88 004 | 88 819 | 91 931 |
| Executive and council | 2 818 | 2 818 | 2 818 | 2 818 | 3 417 | 2 818 | 2 958 | 2 835 | 2 835 | 2 835 | 2 835 | 2 835 | 34 638 | 36 069 | 37 822 |
| Budget and treasury office | 2 478 | 2 478 | 2 478 | 2 478 | 3 255 | 2 478 | 2 478 | 2 478 | 2 478 | 2 478 | 2 478 | 2 478 | 30 515 | 29 153 | 29 811 |
| Corporate services | 1 724 | 1 724 | 1 724 | 1 724 | 2 294 | 2 554 | 1 724 | 1 724 | 1 724 | 1 724 | 1 724 | 2 490 | 22 850 | 23 596 | 24 298 |
| *Community and public safety* | 4 929 | 4 929 | 4 929 | 4 929 | 6 814 | 5 516 | 4 929 | 4 929 | 4 929 | 4 929 | 4 929 | 5 471 | 62 164 | 58 982 | 61 562 |
| Community and social services | 830 | 830 | 830 | 830 | 1 234 | 1 169 | 830 | 830 | 830 | 830 | 830 | 1 143 | 11 013 | 10 983 | 11 451 |
| Sport and recreation | 1 392 | 1 392 | 1 392 | 1 392 | 1 927 | 1 427 | 1 392 | 1 392 | 1 392 | 1 392 | 1 392 | 1 425 | 17 305 | 17 905 | 18 748 |
| Public safety | 1 614 | 1 614 | 1 614 | 1 614 | 2 335 | 1 709 | 1 614 | 1 614 | 1 614 | 1 614 | 1 614 | 1 702 | 20 269 | 21 286 | 22 314 |
| Housing | 1 094 | 1 094 | 1 094 | 1 094 | 1 318 | 1 211 | 1 094 | 1 094 | 1 094 | 1 094 | 1 094 | 1 202 | 13 578 | 8 808 | 9 050 |
| Health | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| *Economic and environmental services* | 1 819 | 1 819 | 1 819 | 1 819 | 2 682 | 3 374 | 1 819 | 1 819 | 1 819 | 1 819 | 1 819 | 3 254 | 25 680 | 27 270 | 28 589 |
| Planning and development | 704 | 704 | 704 | 704 | 1 109 | 704 | 704 | 704 | 704 | 704 | 704 | 704 | 8 852 | 9 714 | 9 839 |
| Road transport | 1 115 | 1 115 | 1 115 | 1 115 | 1 573 | 2 670 | 1 115 | 1 115 | 1 115 | 1 115 | 1 115 | 2 551 | 16 828 | 17 556 | 18 751 |
| Environmental protection | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| *Trading services* | 10 999 | 11 410 | 11 889 | 11 889 | 13 336 | 16 046 | 10 999 | 11 410 | 11 889 | 11 889 | 11 889 | 18 464 | 152 110 | 164 494 | 177 756 |
| Electricity | 6 570 | 6 981 | 7 460 | 7 460 | 7 911 | 9 311 | 6 570 | 6 981 | 7 460 | 7 460 | 7 460 | 11 906 | 93 527 | 104 973 | 116 722 |
| Water | 1 516 | 1 516 | 1 516 | 1 516 | 1 841 | 3 073 | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 2 953 | 21 510 | 21 905 | 22 362 |
| Waste water management | 1 339 | 1 339 | 1 339 | 1 339 | 1 561 | 2 032 | 1 339 | 1 339 | 1 339 | 1 339 | 1 339 | 1 979 | 17 627 | 18 212 | 18 516 |
| Waste management | 1 574 | 1 574 | 1 574 | 1 574 | 2 022 | 1 631 | 1 574 | 1 574 | 1 574 | 1 574 | 1 574 | 1 626 | 19 446 | 19 403 | 20 153 |
| *Other* | 364 | 364 | 364 | 364 | 443 | 370 | 364 | 364 | 364 | 364 | 364 | 370 | 4 456 | 4 704 | 4 981 |
| Total Expenditure - Standard | 25 130 | 25 541 | 26 020 | 26 020 | 32 242 | 33 156 | 25 270 | 25 558 | 26 038 | 26 038 | 26 038 | 35 362 | 332 413 | 344 268 | 364 819 |
| Surplus/(Deficit) before assoc. | 124 431 | (8 135) | (7 794) | (7 794) | (14 015) | (14 930) | (8 567) | (8 152) | (7 811) | (7 811) | (6 244) | (12 404) | 20 775 | 31 922 | 32 382 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) | 124 431 | (8 135) | (7 794) | (7 794) | (14 015) | (14 930) | (8 567) | (8 152) | (7 811) | (7 811) | (6 244) | (12 404) | 20 775 | 31 922 | 32 382 |

## Table SA28 - Budgeted monthly capital expenditure (municipal vote)

| Description | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Multi-year expenditure to be appropriated | | | | | | | | | | | | | | | |
| Vote 1 - OFFICE OF THE MAYOR | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - MUNICIPAL MANAGER'S OFFICE | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - COMMUNITY SERVICES | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - CORPORATE SERVICES | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - FINANCIAL SERVICES | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - STRATEGIC SERVICES | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 7 - PUBLIC WORKS | 433 | 133 | 1 233 | 133 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 333 | 2 500 | 1 800 | 12 753 |
| Vote 8 - HEALTH | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 433 | 133 | 1 233 | 133 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 333 | 2 500 | 1 800 | 12 753 |
| Single-year expenditure to be appropriated | | | | | | | | | | | | | | | |
| Vote 1 - OFFICE OF THE MAYOR | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - MUNICIPAL MANAGER'S OFFICE | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - COMMUNITY SERVICES | - | - | 29 | - | - | - | - | 1 000 | 1 000 | 1 000 | 1 000 | 300 | 4 329 | 830 | 2 000 |
| Vote 4 - CORPORATE SERVICES | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - FINANCIAL SERVICES | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - STRATEGIC SERVICES | - | - | 1 250 | 375 | 375 | 375 | 375 | 375 | 375 | - | - | - | 3 500 | - | 250 |
| Vote 7 - PUBLIC WORKS | 634 | 1 347 | 4 237 | 4 737 | 5 237 | 4 237 | 4 467 | 4 237 | 4 237 | 1 434 | 689 | 634 | 36 147 | 40 721 | 30 458 |
| Vote 8 - HEALTH | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital single-year expenditure sub-total | 634 | 1 347 | 5 516 | 5 112 | 5 612 | 4 612 | 4 862 | 5 612 | 5 612 | 2 434 | 1 689 | 934 | 43 976 | 41 551 | 32 708 |
| Total Capital Expenditure | 1 067 | 1 480 | 6 749 | 5 245 | 5 645 | 4 645 | 4 895 | 5 645 | 5 645 | 2 467 | 1 722 | 1 267 | 46 476 | 43 351 | 45 461 |

## Table SA29 - Budgeted monthly capital expenditure (standard classification)

| Description | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Capital Expenditure - Standard | | | | | | | | | | | | | | | |
| *Governance and administration* | - | - | 1 250 | 375 | 375 | 375 | 375 | 375 | 375 | - | - | - | 3 500 | - | - |
| Executive and council | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Budget and treasury office | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Corporate services | - | - | 1 250 | 375 | 375 | 375 | 375 | 375 | 375 | - | - | - | 3 500 | - | - |
| *Community and public safety* | - | - | 29 | - | - | - | - | - | - | - | - | - | 29 | 550 | 100 |
| Community and social services | - | - | - | - | - | - | - | - | - | - | - | - | - | 50 | - |
| Sport and recreation | - | - | 29 | - | - | - | - | - | - | - | - | - | 29 | 200 | 100 |
| Public safety | - | - | - | - | - | - | - | - | - | - | - | - | - | 200 | - |
| Housing | - | - | - | - | - | - | - | - | - | - | - | - | - | 100 | - |
| Health | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| *Economic and environmental services* | 211 | 924 | 997 | 997 | 997 | 497 | 497 | 497 | 497 | 211 | 211 | 211 | 6 749 | 18 587 | 11 494 |
| Planning and development | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 250 |
| Road transport | 211 | 924 | 997 | 997 | 997 | 497 | 497 | 497 | 497 | 211 | 211 | 211 | 6 749 | 18 587 | 11 244 |
| Environmental protection | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| *Trading services* | 856 | 556 | 4 473 | 3 873 | 4 273 | 3 773 | 4 023 | 4 773 | 4 773 | 2 256 | 1 511 | 1 056 | 36 198 | 24 134 | 33 867 |
| Electricity | - | - | 1 286 | 1 536 | 1 536 | 1 286 | 1 286 | 1 286 | 1 286 | - | - | (0) | 9 500 | 1 200 | 4 600 |
| Water | 645 | 345 | 2 338 | 1 488 | 1 888 | 1 638 | 1 888 | 1 638 | 1 638 | 1 045 | 300 | 545 | 15 391 | 16 347 | 22 261 |
| Waste water management | 211 | 211 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 211 | 211 | 211 | 7 007 | 6 387 | 5 106 |
| Waste management | - | - | - | - | - | - | - | 1 000 | 1 000 | 1 000 | 1 000 | 300 | 4 300 | 200 | 1 900 |
| *Other* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure - Standard | 1 067 | 1 480 | 6 749 | 5 245 | 5 645 | 4 645 | 4 895 | 5 645 | 5 645 | 2 467 | 1 722 | 1 267 | 46 476 | 43 351 | 45 461 |

## Table SA30 - Budgeted monthly cash flow

| MONTHLY CASH FLOWS | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Cash Receipts By Source | | | | | | | | | | | | | | | |
| Property rates | 4 975 | 4 975 | 18 655 | 4 975 | 4 975 | 4 975 | 4 975 | 4 975 | 4 975 | 4 975 | 4 975 | 6 218 | 74 621 | 80 812 | 85 871 |
| Property rates - penalties & collection charges | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 1 328 | 1 648 | 1 966 |
| Service charges - electricity revenue | 6 585 | 7 104 | 7 710 | 7 710 | 7 710 | 7 710 | 6 585 | 7 104 | 7 710 | 7 710 | 7 710 | 11 170 | 92 515 | 102 987 | 114 643 |
| Service charges - water revenue | 2 141 | 2 305 | 2 497 | 2 497 | 2 497 | 2 497 | 2 141 | 2 305 | 2 497 | 2 497 | 2 497 | 3 595 | 29 970 | 31 905 | 33 328 |
| Service charges - sanitation revenue | 2 377 | 2 377 | 2 377 | 2 377 | 2 377 | 2 377 | 2 377 | 2 377 | 2 377 | 2 377 | 2 377 | 2 377 | 28 521 | 30 917 | 34 143 |
| Service charges - refuse revenue | 1 359 | 1 359 | 1 359 | 1 359 | 1 359 | 1 359 | 1 359 | 1 359 | 1 359 | 1 359 | 1 359 | 1 359 | 16 307 | 17 672 | 18 785 |
| Service charges - other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 2 060 | 2 163 | 2 271 |
| Interest earned - external investments | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 506 | 531 | 558 |
| Interest earned - outstanding debtors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends received | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fines | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 4 988 | 5 237 | 5 499 |
| Licences and permits | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 240 | 250 | 300 |
| Agency services | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 850 | 893 | 937 |
| Transfer receipts - operational | 12 877 | - | - | 12 877 | - | - | - | 12 877 | - | - | - | - | 38 632 | 30 609 | 33 024 |
| Other revenue | 658 | 658 | 658 | 658 | 658 | 658 | 658 | 658 | 658 | 658 | 658 | 658 | 7 893 | 8 747 | 9 727 |
| Cash Receipts by Source | 31 802 | 19 608 | 34 087 | 33 284 | 20 406 | 20 406 | 18 925 | 32 485 | 20 406 | 20 406 | 20 406 | 26 208 | 298 430 | 314 371 | 341 051 |
| Other Cash Flows by Source | | | | | | | | | | | | | | | |
| Transfer receipts - capital | 7 659 | - | - | 7 659 | - | - | - | 7 659 | - | - | - | - | 22 976 | 41 621 | 36 911 |
| Contributions recognised - capital & Contributed a | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Proceeds on disposal of PPE | - | - | - | - | - | - | - | - | - | - | - | 11 100 | 11 100 | 105 | 110 |
| Short term loans | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Borrowing long term/refinancing | 1 667 | 1 667 | 1 667 | 1 667 | 1 667 | 1 667 | 1 667 | 1 667 | 1 667 | 1 667 | 1 667 | 1 667 | 20 000 | - | - |
| Increase (decrease) in consumer deposits | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 321 | 343 | 367 |
| Decrease (increase) in non-current debtors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Decrease (increase) other non-current receivable | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 70 | 75 | 45 |
| Decrease (increase) in non-current investments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cash Receipts by Source | 41 160 | 21 308 | 35 786 | 42 641 | 22 105 | 22 105 | 20 624 | 41 844 | 22 105 | 22 105 | 22 105 | 39 007 | 352 896 | 356 515 | 378 485 |
| Cash Payments by Type | | | | | | | | | | | | | | | |
| Employee related costs | 8 287 | 8 287 | 8 287 | 8 287 | 14 189 | 8 287 | 8 287 | 8 287 | 8 287 | 8 287 | 8 287 | 8 287 | 105 347 | 110 615 | 116 146 |
| Remuneration of councillors | 346 | 346 | 346 | 346 | 346 | 346 | 485 | 363 | 363 | 363 | 363 | 363 | 4 374 | 4 592 | 4 822 |
| Finance charges | 32 | 32 | 32 | 32 | 32 | 7 168 | 32 | 32 | 32 | 32 | 32 | 6 619 | 14 112 | 14 128 | 12 915 |
| Bulk purchases - Electricity | 5 271 | 5 676 | 6 148 | 6 148 | 6 148 | 6 148 | 5 271 | 5 676 | 6 148 | 6 148 | 6 148 | 8 846 | 73 775 | 83 735 | 95 839 |
| Bulk purchases - Water & Sewer | 8 | 8 | 9 | 9 | 9 | 9 | 8 | 8 | 9 | 9 | 9 | 13 | 107 | 116 | 126 |
| Other materials | - | - | - | - | - | - | - | - | - | - | - | 2 899 | 2 899 | 3 038 | 3 191 |
| Contracted services | 1 677 | 1 677 | 1 677 | 1 677 | 1 677 | 1 677 | 1 677 | 1 677 | 1 677 | 1 677 | 1 677 | 1 677 | 20 124 | 19 031 | 19 982 |
| Transfers and grants - other municipalities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers and grants - other | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 3 380 | 3 508 | 3 633 |
| Other expenditure | 5 218 | 5 224 | 5 230 | 5 230 | 5 230 | 5 230 | 5 218 | 5 224 | 5 230 | 5 230 | 5 230 | 6 160 | 63 656 | 60 106 | 63 198 |
| Cash Payments by Type | 21 121 | 21 531 | 22 011 | 22 011 | 27 912 | 29 147 | 21 260 | 21 549 | 22 028 | 22 028 | 22 028 | 35 138 | 287 765 | 298 868 | 319 052 |
| Other Cash Flows/Payments by Type | | | | | | | | | | | | | | | |
| Capital assets | 1 067 | 1 480 | 6 749 | 5 245 | 5 645 | 4 645 | 4 895 | 5 645 | 5 645 | 2 467 | 1 722 | 1 267 | 46 476 | 43 351 | 45 461 |
| Repayment of borrowing | - | - | - | - | - | 4 730 | - | - | - | - | - | 5 124 | 9 854 | 11 410 | 11 391 |
| Other Cash Flows/Payments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cash Payments by Type | 22 188 | 23 012 | 28 760 | 27 256 | 33 558 | 38 522 | 26 155 | 27 194 | 27 674 | 24 496 | 23 751 | 41 529 | 344 095 | 353 630 | 375 904 |
| NET INCREASE/(DECREASE) IN CASH HELD | 18 972 | (1 704) | 7 026 | 15 385 | (11 452) | (16 417) | (5 532) | 14 650 | (5 568) | (2 390) | (1 645) | (2 522) | 8 801 | 2 885 | 2 580 |
| Cash/cash equivalents at the monthly year begin: | (4 952) | 14 020 | 12 315 | 19 341 | 34 727 | 23 274 | 6 858 | 1 326 | 15 976 | 10 407 | 8 017 | 6 372 | (4 952) | 3 849 | 6 734 |
| Cash/cash equivalents at the monthly year end: | 14 020 | 12 315 | 19 341 | 34 727 | 23 274 | 6 858 | 1 326 | 15 976 | 10 407 | 8 017 | 6 372 | 3 849 | 3 849 | 6 734 | 9 315 |

# Section 14 – Annual budgets and service delivery agreements – municipal entities and other external mechanisms

### ENTITIES

The municipality has no entities.

### OTHER SERVICE DELIVERY MECHANISMS

None

# Section 15 – Contracts with future budget implications

The municipality has no contracts with future budget implications.

# Section 16 – Councillor and employee benefits

The summary of all councillor and employee related cost is shown in supporting table SA 22. These figures include a salary increase of 5 % for both Councillors and employees.

### Table SA22 - Summary of councillor and staff benefits

| Summary of Employee and Councillor remuneration | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| | A | B | C | D | E | F | G | H | I |
| Councillors (Political Office Bearers plus Other) | | | | | | | | | |
| Basic Salaries and Wages | – | 1 857 | 1 814 | 2 142 | 2 416 | 2 418 | 3 013 | 3 163 | 3 321 |
| Pension and UIF Contributions | – | 121 | 218 | 244 | 103 | 108 | 108 | 114 | 119 |
| Medical Aid Contributions | – | 148 | 114 | 114 | 104 | 119 | 109 | 114 | 120 |
| Motor Vehicle Allowance | – | 555 | 553 | 318 | 890 | 948 | 947 | 994 | 1 044 |
| Cellphone Allowance | – | 160 | 152 | 204 | 211 | 117 | 198 | 207 | 218 |
| Housing Allowances | – | 142 | 126 | 445 | – | 2 | – | – | – |
| Other benefits and allowances | – | – | – | – | – | – | – | – | – |
| Sub Total - Councillors | – | 2 992 | 2 978 | 3 466 | 3 724 | 3 712 | 4 374 | 4 592 | 4 822 |
| % Increase | | – | (0.5%) | 16.4% | 7.5% | (0.3%) | 17.8% | 5.0% | 5.0% |
| Senior Managers of the Municipality | | | | | | | | | |
| Basic Salaries and Wages | 2 561 | 4 439 | 4 618 | 4 918 | 5 217 | – | 5 065 | 5 318 | 5 584 |
| Pension and UIF Contributions | 136 | – | – | – | – | – | 178 | 187 | 196 |
| Medical Aid Contributions | – | – | – | – | – | – | 120 | 126 | 133 |
| Overtime | – | – | – | – | – | – | – | – | – |
| Performance Bonus | – | 476 | 570 | 632 | 670 | – | 545 | 572 | 601 |
| Motor Vehicle Allowance | 1 123 | 1 055 | 973 | 973 | 1 032 | – | 795 | 835 | 876 |
| Cellphone Allowance | – | 108 | 108 | – | – | – | 113 | 119 | 125 |
| Housing Allowances | – | – | – | – | – | – | 10 | 11 | 11 |
| Other benefits and allowances | 453 | 203 | 344 | 372 | 379 | – | – | – | – |
| Payments in lieu of leave | – | – | – | – | – | – | – | – | – |
| Long service awards | – | – | – | – | – | – | – | – | – |
| Post-retirement benefit obligations | – | – | – | – | – | – | – | – | – |
| Sub Total - Senior Managers of Municipality | 4 274 | 6 280 | 6 613 | 6 895 | 7 298 | – | 6 826 | 7 167 | 7 526 |
| % Increase | | 46.9% | 5.3% | 4.3% | 5.8% | (100.0%) | – | 5.0% | 5.0% |
| Other Municipal Staff | | | | | | | | | |
| Basic Salaries and Wages | (2 561) | 45 701 | 55 138 | 60 235 | 52 951 | 59 888 | 58 355 | 61 273 | 64 337 |
| Pension and UIF Contributions | (136) | 8 171 | 8 091 | 10 243 | 8 834 | 8 024 | 9 688 | 10 172 | 10 681 |
| Medical Aid Contributions | – | 6 599 | 7 607 | 9 559 | 8 051 | 8 001 | 9 723 | 10 209 | 10 719 |
| Overtime | – | 4 207 | 4 031 | 3 265 | 2 889 | 3 194 | 3 100 | 3 255 | 3 417 |
| Performance Bonus | – | 3 486 | 4 541 | 5 224 | 4 665 | 5 281 | 5 023 | 5 274 | 5 538 |
| Motor Vehicle Allowance | (1 123) | 4 064 | 4 746 | 4 685 | 4 582 | 5 498 | 5 396 | 5 665 | 5 949 |
| Cellphone Allowance | – | 550 | 731 | 882 | 842 | 461 | 722 | 758 | 796 |
| Housing Allowances | – | 604 | 618 | 585 | 719 | 691 | 944 | 992 | 1 041 |
| Other benefits and allowances | (453) | 2 647 | 2 748 | 2 677 | 2 399 | 3 011 | 3 101 | 3 256 | 3 419 |
| Payments in lieu of leave | – | 2 084 | 1 955 | 750 | 750 | – | 806 | 846 | 888 |
| Long service awards | – | 314 | 379 | 20 | 20 | 640 | 1 230 | 1 291 | 1 356 |
| Post-retirement benefit obligations | – | 4 039 | 4 997 | 2 033 | 2 033 | 6 849 | 6 148 | 6 455 | 6 778 |
| Sub Total - Other Municipal Staff | (4 274) | 82 466 | 95 580 | 100 157 | 88 735 | 101 537 | 104 235 | 109 447 | 114 919 |
| % Increase | | (2 029.7%) | 15.9% | 4.8% | (11.4%) | 14.4% | 2.7% | 5.0% | 5.0% |
| TOTAL SALARY, ALLOWANCES & BENEFITS | – | 91 738 | 105 171 | 110 517 | 99 757 | 105 249 | 115 435 | 121 206 | 127 267 |
| % Increase | | – | 14.6% | 5.1% | (9.7%) | 5.5% | 9.7% | 5.0% | 5.0% |
| TOTAL MANAGERS AND STAFF | – | 88 746 | 102 193 | 107 051 | 96 033 | 101 537 | 111 061 | 116 614 | 122 445 |

The detail of all councillor office bearer positions and senior managers is shown in supporting table SA 23

**Table SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

| Disclosure of Salaries, Allowances & Benefits 1.<br>Rand per annum | Salary | Contributions<br>1. | Allowances | Performance Bonuses | In-kind benefits | Total Package<br>2. |
|---|---|---|---|---|---|---|
| **Councillors** | | | | | | |
| Speaker | 374 439 | - | 127 210 | | | 501 649 |
| Chief Whip | 332 403 | 42 037 | 127 210 | | | 501 649 |
| Executive Mayor | 417 268 | 70 067 | 174 936 | | | 662 272 |
| Deputy Executive Mayor | 381 258 | 18 144 | 134 372 | | | 533 774 |
| Executive Committee | 399 402 | - | 134 372 | | | 533 774 |
| Total for all other councillors | 1 107 859 | 446 053 | 86 752 | | | 1 640 663 |
| **Total Councillors** | 3 012 629 | 576 301 | 784 850 | | | 4 373 781 |
| **Senior Managers of the Municipality** | | | | | | |
| Municipal Manager | 1 044 540 | 36 943 | 164 621 | 122 553 | | 1 368 656 |
| Chief Finance Officer | 944 436 | 1 497 | 178 877 | 110 319 | | 1 235 128 |
| Director: CORPORATE SERVICES | 906 225 | 36 302 | 121 674 | 104 258 | | 1 168 458 |
| Director: INFRA DEV & MUN SERVICES | 803 105 | 102 511 | 150 000 | 103 767 | | 1 159 383 |
| Director: STRATEGIC SERVICES | 554 400 | 83 745 | 93 006 | - | | 731 151 |
| Director: COMMUNITY SERVICES | 812 332 | 36 943 | 210 146 | 103 811 | | 1 163 231 |
| **Total Senior Managers of the Municipality** | 5 065 038 | 297 940 | 918 324 | 544 706 | | 6 826 009 |
| **TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION** | 8 077 667 | 874 241 | 1 703 174 | 544 706 | | 11 199 789 |

The table below provide the number of positions of both councillors and employees.

## Table SA24 – Summary of personnel numbers

| Summary of Personnel Numbers | 2010/11 | | | Current Year 2011/12 | | | Budget Year 2012/13 | | |
|---|---|---|---|---|---|---|---|---|---|
| Number | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees |
| **Municipal Council and Boards of Municipal Entities** | | | | | | | | | |
| Councillors (Political Office Bearers plus Other Councillors) | 12 | – | 12 | 14 | | 14 | 13 | 5 | 8 |
| Board Members of municipal entities | | | | | | | | | |
| **Municipal employees** | | | | | | | | | |
| Municipal Manager and Senior Managers | 9 | – | 8 | 14 | 1 | 13 | 6 | – | 6 |
| Other Managers | 19 | 9 | 11 | 27 | 26 | 1 | 29 | 7 | 22 |
| Professionals | 334 | 313 | 21 | 109 | 103 | 6 | 62 | 61 | 1 |
| *Finance* | 4 | 4 | – | 4 | 4 | | 7 | 7 | – |
| *Spatial/town planning* | 4 | 3 | 1 | 2 | 2 | | 9 | 9 | – |
| *Information Technology* | 2 | 1 | 1 | | | | – | | |
| *Roads* | 29 | 29 | – | 2 | 2 | | 3 | 3 | – |
| *Electricity* | 25 | 25 | – | 4 | 4 | | 11 | 10 | 1 |
| *Water* | 27 | 27 | – | 3 | 3 | | 25 | 25 | – |
| *Sanitation* | 14 | 14 | – | 1 | 1 | | 4 | 4 | – |
| *Refuse* | 45 | 45 | – | 1 | 1 | | 3 | 3 | – |
| *Other* | 184 | 165 | 19 | 92 | 86 | 6 | | | |
| Technicians | 2 | 2 | – | 39 | 39 | 7 | 164 | 164 | – |
| *Finance* | | | | 6 | 6 | 7 | 6 | 6 | – |
| *Spatial/town planning* | | | | | | | | | |
| *Information Technology* | 1 | 1 | – | 1 | 1 | – | | | |
| *Roads* | | | | 3 | 3 | | 27 | 27 | – |
| *Electricity* | | | | 19 | 19 | | 21 | 21 | – |
| *Water* | | | | 6 | 6 | | 3 | 3 | – |
| *Sanitation* | | | | | | | 22 | 22 | |
| *Refuse* | | | | | | | 59 | 59 | |
| *Other* | 1 | 1 | – | 4 | 4 | – | 26 | 26 | – |
| Clerks (Clerical and administrative) | 36 | 36 | – | 63 | 63 | – | 70 | 60 | 10 |
| Service and sales workers | 4 | 4 | – | 244 | 244 | – | 129 | 129 | – |
| Skilled agricultural and fishery workers | – | – | – | | | – | | | |
| Craft and related trades | – | – | – | | | – | | | |
| Plant and Machine Operators | 21 | 21 | – | 40 | 40 | – | 8 | 8 | – |
| Elementary Occupations | – | – | – | | | – | | | |
| **TOTAL PERSONNEL NUMBERS** | 437 | 385 | 52 | 550 | 516 | 41 | 481 | 434 | 47 |
| % increase | | | | 25.9% | 34.0% | (21.2%) | (12.5%) | (15.9%) | 14.6% |
| **Total municipal employees headcount** | 425 | 385 | 40 | 536 | 516 | 20 | 448 | 401 | 47 |
| Finance personnel headcount | 24 | 24 | 24 | 33 | 31 | 2 | 47 | 43 | 4 |
| Human Resources personnel headcount | 4 | 4 | 4 | 5 | 5 | | 3 | 2 | 1 |

# Section 17 – Legislative compliance status

## Municipal Financial Management Act -No 56 of 2003

The MFMA took effect on 1 July 2004. The act modernises budget and financial management practices within the overall aim of maximising the capacity of municipalities to deliver services.

The MFMA covers all aspects of municipal finances, including budget, supply chain management and financial reporting.

The various sections of the Act are being phased in according to the designated financial management capacity of municipalities. Bitou municipality has been designated as a medium-capacity municipality.

The MFMA forms the basis of the municipal management reforms implemented by municipalities.

## The MFMA and the budget

The following explains the budget process in terms of the requirements of the MFMA. It is based on National Treasury's manual on the MFMA.

The budget drafting process

*The Mayor must direct and drive the budget drafting process by means of a co-ordinated cycle of events commencing at least ten months before the start of each financial year.*

Overview

The MFMA requires a Council to adopt a three-year capital and operating budget taking into account and aligning with the municipality's current and future development priorities and other finance-related policies (for example relating to the provision of free basic services).

These budgets must clearly set out the revenue per source and expenditure per vote over three years and must be accompanied by performance objectives for revenue and expenditure, a cash flow statement and any details on loans, municipal entities, service delivery agreements, grant allocations and details of employment costs.

The budget may only be funded from reasonable estimates of revenue and cash-backed surplus funds of the previous year and loans (the latter for capital items only).

Budget drafting time schedule

The first step in the budget drafting process is to develop a time schedule of all key deadlines relating to the budget and to revise the Municipality's IDP and budget-related policy.

The budget drafting time schedule is compiled by senior management and tabled by the mayor for adoption by Council by 31 August (ten months before the start of the next budget year).

Drafting of the budget and revision of the IDP and policy

The Mayor must co-ordinate the budget drafting process and the revision of Council's IDP and budget-related policy with the assistance of the municipal manager.

The Mayor must ensure that the IDP overview constitutes an integral part of the budgeting process and that any changes to strategic priorities as contained in the IDP document are based on realistic projections of revenue and expenditure. In developing the budget, management must take into account national and provincial budgets, the national fiscal and macro-economic policy and other applicable agreements or Acts of Parliament. The Mayor must consult the relevant District Council and all other local municipalities in that district as well as the applicable provincial treasury and the national treasury in drafting the budget, and must upon request provide certain information to National Treasury and other government departments.

The drafting process should ideally take place between August and November in order that draft consolidated three-year budget proposals, IDP amendments and policy could be made available during December and January. This allows time in January, February and March for preliminary consultation and discussion of the draft budget.

Tabling of the draft budget

By 31 March, the mayor must submit the initial draft budget to Council for review.

Publication of the draft budget

After submission to Council, the Municipal Manager must disclose the relevant budget documentation and submit it to the National Treasury and the relevant provincial treasury and any other state departments as required. At this stage, the local community must be invited to make representations on the contents of the budget.

Opportunity to comment on draft budget

After submission of the draft budget, Council must consider the opinions of the local community, National Treasury and the relevant provincial treasury and other municipalities and state departments who submitted representations on the budget.

Opportunity for revision of draft budget

After considering all opinions and representations, Council must allow the Mayor the opportunity to react to the representations received and, if necessary, to revise the budget and submit amendments for Council's consideration.

After tabling of the draft budget at the end of March, the months of April and May must be used to accommodate public and government comments and make any revisions that may be necessary. This could assume the form of public hearings, Council debates, formal or informal delegations to National Treasury, provincial treasury and other municipalities, or any other consulting forums designed to address the priorities of interested parties.

Adoption of the annual budget

Thereafter, Council must consider the approval of the budget by 31 May and formally adopt the budget by 30 June. This offers Council a 30-day window period to review the budget several times before final approval.

Should a Council fail to approve its budget during the first meeting, the budget, or an amended copy thereof, must be reconsidered within seven days and so on until it is eventually approved - before 1 July.

As soon as the budget is approved, the Municipal Manager must place the budget on the municipality's website within five days.

## BUDGET IMPLEMENTATION

Implementation management - the Service Delivery and Budget Implementation Plan (SDBIP)

The Municipal Manager must submit a draft SDBIP and draft annual performance agreement for all the senior personnel to the Mayor for approval within fourteen days after approval of the budget (no later than 14 July).

A SDBIP is a detailed plan for implementation of the delivery of municipal services contemplated in the annual budget and should indicate monthly revenue and expenditure projections and quarterly service delivery targets and performance indicators.

The Mayor must approve the draft SDBIP within 28 days after approval of the annual budget (no later than 28 July).

This plan must then be monitored by the Mayor and it must be regularly reported on to Council.

Managing the implementation process

The municipal manager is responsible for implementing the budget and must take steps to ensure that all expenditure occurs according to the budget and that revenue and expenditure is properly monitored.

Deviation from budget estimates

In general, Council may only incur expenditure if it is in accordance with the budget, within the limits of the amounts appropriated for each budget vote -

and in the case of capital expenditure, only if Council has approved the project.

Expenditure incurred outside these parameters may be regarded as unauthorised, or in some cases irregular and fruitless or wasteful. Unauthorised expenditure must be reported and could result in criminal prosecution.

Review of budget estimates - the adjustments budget

It may on occasion be necessary for Council to consider a revision of its original budget due to material and considerable changes in revenue collections, expenditure patterns, or forecasts thereof for the remaining part of the financial year.

In such cases, a municipality may adopt an adjustments budget drafted by the municipal manager, submitted to the Mayor for consideration and tabled before Council for adoption.

The adjustments budget must contain certain prescribed information, it may not result in further increases in rates and tariffs and it must contain relevant justifications and supporting material when it is approved by Council.

**Requirements of the MFMA in respect of the contents of annual budgets and supporting documentation**

Section 17 of the MFMA stipulates that an annual budget must be in the prescribed format and sets out what is to be included in that format. In MFMA circular 48, National Treasury offers detailed guidance on the contents of budget documentation and the supporting schedules. Bitou Municipality has done its utmost to comply with the circular.

The table below shows how Bitou Municipality complies with the disclosure requirements of Section 17 of the MFMA.

| **Requirement** | **Disclosure in budget documentation** |
|---|---|
| Schedule of reasonably expected revenue for the budget year from each source of revenue | SECTION 4 |
| Schedule indicating expenditure appropriations for the budget year under the various votes of the Municipality | SECTION 4 |
| Schedule setting out the indicative revenue per revenue source and projected expenditure per vote for the two financial years following on the Budget year | SECTION 4 |

| Requirement | Disclosure in budget documentation |
|---|---|
| Draft resolutions -<br>(i) approval of the budget of the Municipality<br>(ii) instituting any municipal rates and fixing any municipal tariffs as may be required for the budget year and<br>(iii) Approval of any other matters that may be prescribed. | SECTION 2 |
| Measurable performance objectives for revenue for each source and for each budget vote, taking account of the Municipality's Integrated Development Plan. | SECTION 7 |
| Proposed amendment to the Municipality's integrated development plan after the annual review of the IDP in terms of Section 34 of the Municipal Systems Act | |
| Any prescribed information on municipal entities under the exclusive or shared control of the Municipality | N.A. |
| Details of all prescribed new municipal entities that the Municipality wishes to establish or which the Municipality wishes to participate in | N.A. |
| Details of any proposed service delivery agreements, including material amendments to existing service delivery agreements | SECTION 14 |
| Details of any proposed grants or allocations by the municipality to -<br>(i) other municipalities<br>(ii) any municipal entities and other external mechanisms that assist the municipality in performing its functions or powers<br>(iii) any other state organs<br>(iv) any organisations or bodies referred to in Section 67 (1) (bodies outside die Government) | SECTION 11 |

| Requirement | Disclosure in budget documentation |
|---|---|
| The proposed cost to the municipality for the budget year of the salaries, allowances and benefits of -<br>(i) each political office-bearer of the Municipality<br>(ii) councillors of the municipality<br>(iii) the municipal manager, the chief financial officer, any senior manager of the municipality and any other official of the municipality with a remuneration package greater or equal to that of a senior manager | SECTION 16 |
| The proposed cost in the budget year for a municipal entity under the exclusive or shared control of the Municipality for the salaries, allowances and benefits of -<br>(i) each member of the entity's board and<br>(ii) the chief executive officer and each senior manager of the entity | N.A. |

**Other Legislations**

In addition to the MFMA, the following legislation also impacts on the Municipal budget;

The Distribution of Revenue Act, 2011 and Provincial Budget announcements

Three-year national allocation to local government is published annually according to municipality in the Distribution of Revenue Act. The Act imposes duties on municipalities additional to the requirements of the MFMA, specifically regarding reporting obligations.

Allocations to the Municipality from Provincial Government are announced in the Provincial budget and published.

Section 18 of the MFMA provides that annual budgets may only be funded from reasonably expected revenue to be collected. The provision in the budget for allocation of National and Provincial government must include the allocations announced in the DORA or the applicable Provincial Gazette.

The Municipal Systems Act - No 32 of 2000 and Municipal Systems Amendment Act no 44 of 2003

One of the key objectives of the Municipal Systems Act is to ensure financially and economically viable communities. The requirements of the Act are closely linked with that of the MFMA. In particular, the following requirements must be considered in the budget process;

- Chapters 4 and 5 relate to community participation and the requirements for the Integrated Development Plan process.
- Chapter 6 covers performance management that links with the requirement for the budget to contain measurable performance indicators and quarterly performance targets in the Service Delivery and Budget Implementation Plan.
- Chapter 8 relates to the requirements of producing a tariff policy.

# Section 18 – Quality Certification by Municipal Manager

I; M.G. Giliomee; Acting Municipal Manager of Bitou Municipality, hereby declares that the annual budget and supporting documentation have been drafted in accordance with the Municipal Financial Management Act and the regulations issued under this act, and that the annual budget and supporting documentation are aligned with the Integrated Development Plan of the Municipality.

M. G. Giliomee

Acting Municipal Manager

Signature .....

Date 23 MAY 2012

# ANNEXURE A

# PROPERTY RATES AND TARIFFS

**2012-2013**

BITOU MUNICIPALITY

TARIFFS AND CHARGES FOR 2012/2013 (ALL TARIFFS & CHARGES EXCLUDES VAT)

| | | DETAILS | CONDITIONS | | 2011/2012 | 2012/2013 | % Increase |
|---|---|---|---|---|---|---|---|
| 1 | | **PROPERTY RATES** | | | | | |
| | | **NEW PROPERTY RATES TARIFF STRUCTURE** | | | | | |
| | | **Power to levy rates** | | | | | |
| | (a) | Property rates are set in terms of Chapter 2,section 3 of the Municipal Property Rates Act,No.6 of 2004 | | | | | |
| | (b) | Property rates to be levied in accordance with the 1 July 2009 General Valuation Roll and Council's approved Rates Policy | | | | | |
| | 1.1 | **Properties (Residential to business ratio 1:2 maximum)** | | | | | |
| | [a] | **Residential** | Cent in rand | 1:1 | R 0.00380 | R 0.00442 | 16.3% |
| | (i) | Accommodation establisments(Bed & Breakfast:less than 3 beds) ,Resorts Zone 2 and Caravan Parks | Cent in rand | 1:1.17 | R 0.00445 | R 0.00517 | 16.2% |
| | (ii) | Accommodation establisments where the number of letteble bedrooms exceed 3 | Cent in rand | 1:1.67 | R 0.00634 | R 0.00737 | 16.2% |
| | (iii) | Creches | Cent in rand | 1:1 | R 0.00380 | R 0.00442 | 16.3% |
| | (iv) | Vacant Land | Cent in rand | 1:1.3 | R 0.00493 | R 0.00573 | 16.2% |
| | (v) | Vacant Land (undevelopable) | Cent in rand | 1:1 | R 0.00380 | R 0.00442 | 16.3% |
| | [b] | **Business** | Cent in rand | 1:1.67 | R 0.00634 | R 0.00737 | 16.3% |
| | [c] | **Other:** | | | | | |
| | (i) | Agricultural(includes agricultural properties use for eco-tourism and game farming) | Cent in rand | 1:0.25 | R 0.00095 | R 0.00110 | 15.8% |
| | (ii) | Properties registered in the name of public benefit organisations | Cent in rand | 1:0.25 | R 0.00095 | R 0.00110 | 15.8% |
| | 1.2 | **Relief measures related to categories of properties** | | | | | |
| | [a] | Residential properties | | | | | |
| | (i) | In respect of all properties that are valued up to and inclusive of land and improvements,a property rating limitation is applied by granting such properties in terms of the MPRA a rebate of :- | Sec 17 (1)(h) | Value | 15,000<br>57.00 | 15,000<br>66.30 | 0.0%<br>16.3% |
| | (ii) | In respect of all properties that are valued up to and inclusive of land and improvements,a property rating limitation is applied by granting such properties in terms of Councils Rates Policy an additional rebate of :- | Sec 15 (2)(e) | Value | 350,000<br>1,164.90 | 350,000<br>1,164.90 | 0.0%<br>0.0% |
| | [b] | Public service infrastructure: | | | | | |
| | | on the first 30% of the market value of public service infrastructure | Sec 17 (1)(a) | | 30% | 30% | 0.0% |
| | 1.3 | **Relief measures related to income** | | | | | |
| | | Upon submission before 30 September of each year ,of acceptable proof of these requirements,the persons in the income groups set out below will be granted a rebate of: | | | | | |
| | (a) | Income group less than R43 560 per annum | Max p.m R3 630 | | 40% | 40% | 0.0% |
| | | Income group less than R52 275per annum | Max p.m R4 356 | | 30% | 30% | 0.0% |
| | | Income group less than R 62 726 per annum | Max p.m R5 227 | | 20% | 20% | 0.0% |
| | | Income group less than R 72 600 per annum | Max p.m R6 050 | | 10% | 10% | 0.0% |
| | | For the purposes of 1.3 (a) a property owner will be defined as follows:"A registered owner of a rateable property who inhabits and controls the property and is responsible for payment of rates on the property"; | | | | | |
| | | For the purposes of 1.3 (a) the income of the property owner will be determined as the total income of the owner and his/her spouse from all sources,plus income of all resident children from all sources. | | | | | |
| | 1.4 | **Relief measures related to property of the state and schools** | | | | | |
| | | A rebate of 20% will be granted to the state and schools. | | | 20% | 20% | 0.0% |
| | 1.5 | **Relief measures related to specific purposes** | | | | | |
| | (a) | Social or economic conditions of the area where the property is situated e.g. an area declared by the national or provincial government to be a disaster area within the meaning of the Disaster Management Act,No. 57 of 2002 | Section 15(2)(d)(i) & (ii) | | On discresion of the Head:Finance | On discresion of the Head:Finance | |
| | (b) | Retension and restoration of historical buildings of cultural interest. | | | 20% | 20% | 0.0% |

# ELECTRICITY SALES TARIFFS FOR THE FINANCIAL YEAR 2012/2013

| Item No. | DESIGNATION | | TARIFF COMPONENTS | | | | | | | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Basic charge [R/month] | | | Energy charge [R/kWh] | | | Demand charge [R/kVA] | | | |
| | Present | Proposed Amendments | 2011/2012 | 2012/2013 | % Incr. | 2011/2012 | 2012/2013 | % Incr. | 2011/2012 | 2012/2013 | % Incr. | |
| 2.0 | DOMESTIC CONSUMER TARIFFS | | | | | | | | | | | |
| | This tariff covers the supply of electricity for domestic use in private dwellings, flats and chalets with separate meters and includes churches, welfare buildings, registered schools, creches, hospitals, halls, sport clubs or similar premises with circuit breaker sizes not in excess of 60Amp single phase or 60Amp three phase. Should Consumers require supplies in excess hereof, the Commercial Consumer or Bulk Supply tariff will be applicable. A rebate of 10% will apply to schools and creches. | | | | | | | | | | | Inclining Block Tariffs (IBT) has been introduced as per NERSA's requirements.. |
| 2.1 | Prepayment meters | | | | | | | | | | | |
| | The practical implementation of the Inclining Block Tariffs (IBT) for prepaid meters is based on the number of units purchased during a calendar month. Any purchases made during the calendar month will be calculated by the vending system in accordance with the IBT rates, i.e. Nil cents/kWh for the first 50kWh, 77 cents/kWh for the next 300kWh, 104 cents/kWh for the next 250kWh and 124 cents/kWh for the units purchased thereafter. If the consumer purchases more than once in a month, the previous purchases will be taken into account when the rate for the additional units is determined. Due to the inclining rates, it will not be beneficial for a consumer to purchase much more than the required monthly consumption. At the end of the month, the system resets and the first purchases in the next month is at the Block 1 rate. If a consumer does not purchase any units in a full calendar month/s, this will not affect the rates of the next purchase in a calendar month thereafter. Consumers will be responsible for all costs relating to the conversion from conventional to prepayment metering. | | | | | | | | | | | |
| 2.1.1 | Lifeline | | | | | | | | | | | Those consumers in traditionally sub-economic areas who qualify in terms of the Municipality's Indigent policy receive the first 50kWh (Block 1) purchased per month for free. |
| 2.1.1.1 | Lifeline Limit 20A | Lifeline 20A: | | | | | | | | | | |
| | | Block 1: 0 - 50kWh | | | | 0.0000 | 0.0000 | 0.0% | | | | |
| | | Block 2: 51 - 350kWh | | | | 0.7800 | 0.7700 | -1.3% | | | | |
| | | Block 3: 351 - 600kWh | | | | 0.7800 | 1.0400 | 33.3% | | | | |
| | | Block 4: > 600kWh | | | | 0.7800 | 1.2400 | 59.0% | | | | |
| 2.1.1.2 | Lifeline 30A | Lifeline 30A: | | | | | | | | | | |
| | | Block 1: 0 - 50kWh | | | | 0.0000 | 0.0000 | 0.0% | | | | |
| | | Block 2: 51 - 350kWh | | | | 0.7800 | 0.7700 | -1.3% | | | | |
| | | Block 3: 351 - 600kWh | | | | 0.7800 | 1.0400 | 33.3% | | | | |
| | | Block 4: > 600kWh | | | | 0.7800 | 1.2400 | 59.0% | | | | |
| 2.1.2 | 1 Phase | | | | | | | | | | | |
| 2.1.2.1 | 31A to 45A | 31A to 45A: | | | | | | | | | | |
| | | Block 1: 0 - 50kWh | 175.00 | 183.60 | 4.9% | 0.8400 | 0.6100 | -27.4% | | | | The existing 61 - 100A single phase circuit breaker tariff has been withdrawn. There are are at present no consumers on this Tariff. Currently the Basic Charge is billed on the monthly rates and taxes account. Consideration should be given to in future recover the Basic Charge via the prepayment vending system as a daily service charge. The Basic Charge must in future be increased further to become ±10% less than the Basic Charge for Conventional Meters. There are no consumers on the three phase tariff at present. |
| | | Block 2: 51 - 350kWh | 175.00 | 183.60 | 4.9% | 0.8400 | 0.7700 | -8.3% | | | | |
| | | Block 3: 351 - 600kWh | 175.00 | 183.60 | 4.9% | 0.8400 | 1.0400 | 23.8% | | | | |
| | | Block 4: > 600kWh | 175.00 | 183.60 | 4.9% | 0.8400 | 1.2400 | 47.6% | | | | |
| 2.1.2.2 | 46A to 60A | 46A to 60A: | | | | | | | | | | |
| | | Block 1: 0 - 50kWh | 210.00 | 244.80 | 16.6% | 0.8400 | 0.6100 | -27.4% | | | | |
| | | Block 2: 51 - 350kWh | 210.00 | 244.80 | 16.6% | 0.8400 | 0.7700 | -8.3% | | | | |
| | | Block 3: 351 - 600kWh | 210.00 | 244.80 | 16.6% | 0.8400 | 1.0400 | 23.8% | | | | |
| | | Block 4: > 600kWh | 210.00 | 244.80 | 16.6% | 0.8400 | 1.2400 | 47.6% | | | | |
| 2.1.2.3 | 61A to 100A (To be phased-out) | Tariff to be withdrawn | | | | | | | | | | |
| | | | 252.00 | | | 0.8400 | | | | | | |
| | | | 252.00 | | | 0.8400 | | | | | | |
| | | | 252.00 | | | 0.8400 | | | | | | |
| | | | 252.00 | | | 0.8400 | | | | | | |
| 2.1.3 | 3 Phase | | | | | | | | | | | |
| 2.1.3.1 | 0A - 45A | 0A - 45A: | | | | | | | | | | |
| | | Block 1: 0 - 50kWh | 438.00 | 532.44 | 21.6% | 0.8400 | 0.6100 | -27.4% | | | | |
| | | Block 2: 51 - 350kWh | 438.00 | 532.44 | 21.6% | 0.8400 | 0.7700 | -8.3% | | | | |
| | | Block 3: 351 - 600kWh | 438.00 | 532.44 | 21.6% | 0.8400 | 1.0400 | 23.8% | | | | |
| | | Block 4: > 600kWh | 438.00 | 532.44 | 21.6% | 0.8400 | 1.2400 | 47.6% | | | | |
| 2.1.3.2 | 46A - 60A | 46A - 60A: | | | | | | | | | | |
| | | Block 1: 0 - 50kWh | 525.00 | 709.92 | 35.2% | 0.8400 | 0.6100 | -27.4% | | | | |
| | | Block 2: 51 - 350kWh | 525.00 | 709.92 | 35.2% | 0.8400 | 0.7700 | -8.3% | | | | |
| | | Block 3: 351 - 600kWh | 525.00 | 709.92 | 35.2% | 0.8400 | 1.0400 | 23.8% | | | | |
| | | Block 4: > 600kWh | 525.00 | 709.92 | 35.2% | 0.8400 | 1.2400 | 47.6% | | | | |

All amounts exclude VAT.

# ELECTRICITY SALES TARIFFS FOR THE FINANCIAL YEAR 2012/2013

| Item No. | DESIGNATION | | TARIFF COMPONENTS | | | | | | | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Basic charge [R/month] | | | Energy charge [R/kWh] | | | Demand charge [R/kVA] | | | |
| | Present | Proposed Amendments | 2011/2012 | 2012/2013 | % Incr. | 2011/2012 | 2012/2013 | % Incr. | 2011/2012 | 2012/2013 | % Incr. | |
| 2.2 | Conventional meters | | | | | | | | | | | |
| | For the purposes of the implementation of the IBT for the conventional meters, the billing period on which the IBT charges wil be applied, means the period between successive monthly meter readings (normally 30 days), irrespective of whether such readings are taken on the last day of the calendar month. Estimated charges are raised during months during which no meter readings can be taken, which is normally based on the previous month's consumption. | | | | | | | | | | | |
| 2.2.1 | 1 Phase | | | | | | | | | | | |
| 2.2.1.1 | 15A to 30A | 15A to 30A: | | | | | | | | | | The existing consumers with 80A and 100A single phase circuit breaker sizes must be advised that their circuit breakers are being phased-out. Their Basic Charge will be increased annually up to eventually the same value as that of a 60A three phase circuit breaker. It will therefore be advantageous for these consumers to either convert a 60A single phase supply or a 30A or 45A three phase supply, if possible. |
| | | Block 1: 0 - 50kWh | 168.56 | 153.00 | -9.2% | 0.7700 | 0.6100 | -20.8% | | | | |
| | | Block 2: 51 - 350kWh | 168.56 | 153.00 | -9.2% | 0.7700 | 0.7700 | 0.0% | | | | |
| | | Block 3: 351 - 600kWh | 168.56 | 153.00 | -9.2% | 0.7700 | 1.0400 | 35.1% | | | | |
| | | Block 4: > 600kWh | 168.56 | 153.00 | -9.2% | 0.7700 | 1.2400 | 61.0% | | | | |
| 2.2.1.2 | 45A | 45A: | | | | | | | | | | |
| | | Block 1: 0 - 50kWh | 265.20 | 229.50 | -13.5% | 0.7700 | 0.6100 | -20.8% | | | | |
| | | Block 2: 51 - 350kWh | 265.20 | 229.50 | -13.5% | 0.7700 | 0.7700 | 0.0% | | | | |
| | | Block 3: 351 - 600kWh | 265.20 | 229.50 | -13.5% | 0.7700 | 1.0400 | 35.1% | | | | |
| | | Block 4: > 600kWh | 265.20 | 229.50 | -13.5% | 0.7700 | 1.2400 | 61.0% | | | | |
| 2.2.1.3 | 60A | 60A: | | | | | | | | | | |
| | | Block 1: 0 - 50kWh | 304.22 | 306.00 | 0.6% | 0.7700 | 0.6100 | -20.8% | | | | |
| | | Block 2: 51 - 350kWh | 304.22 | 306.00 | 0.6% | 0.7700 | 0.7700 | 0.0% | | | | |
| | | Block 3: 351 - 600kWh | 304.22 | 306.00 | 0.6% | 0.7700 | 1.0400 | 35.1% | | | | |
| | | Block 4: > 600kWh | 304.22 | 306.00 | 0.6% | 0.7700 | 1.2400 | 61.0% | | | | |
| 2.2.1.4 | 80A (To be phased-out) | 80A: Not available to new consumers | | | | | | | | | | |
| | | Block 1: 0 - 50kWh | 388.42 | 408.00 | 5.0% | 0.7700 | 0.6100 | -20.8% | | | | |
| | | Block 2: 51 - 350kWh | 388.42 | 408.00 | 5.0% | 0.7700 | 0.7700 | 0.0% | | | | |
| | | Block 3: 351 - 600kWh | 388.42 | 408.00 | 5.0% | 0.7700 | 1.0400 | 35.1% | | | | |
| | | Block 4: > 600kWh | 388.42 | 408.00 | 5.0% | 0.7700 | 1.2400 | 61.0% | | | | |
| 2.2.1.5 | 100A (To be phased-out) | 100A: Not available to new consumers | | | | | | | | | | |
| | | Block 1: 0 - 50kWh | 486.56 | 510.00 | 4.8% | 0.7700 | 0.6100 | -20.8% | | | | |
| | | Block 2: 51 - 350kWh | 486.56 | 510.00 | 4.8% | 0.7700 | 0.7700 | 0.0% | | | | |
| | | Block 3: 351 - 600kWh | 486.56 | 510.00 | 4.8% | 0.7700 | 1.0400 | 35.1% | | | | |
| | | Block 4: > 600kWh | 486.56 | 510.00 | 4.8% | 0.7700 | 1.2400 | 61.0% | | | | |
| 2.2.2 | 3 Phase | | | | | | | | | | | The existing 80A and 100A three phase tariffs must be phased-out, and this tariff must not be available to new consumers. Consumers requiring more than 60A three phase must be charged on the Commercial or Bulk Supply Tariffs. |
| 2.2.2.1 | 15A to 30A | 15A to 30A: | | | | | | | | | | |
| | | Block 1: 0 - 50kWh | 463.98 | 443.70 | -4.4% | 0.7700 | 0.6100 | -20.8% | | | | |
| | | Block 2: 51 - 350kWh | 463.98 | 443.70 | -4.4% | 0.7700 | 0.7700 | 0.0% | | | | |
| | | Block 3: 351 - 600kWh | 463.98 | 443.70 | -4.4% | 0.7700 | 1.0400 | 35.1% | | | | |
| | | Block 4: > 600kWh | 463.98 | 443.70 | -4.4% | 0.7700 | 1.2400 | 61.0% | | | | |
| 2.2.2.2 | 45A | 45A: | | | | | | | | | | |
| | | Block 1: 0 - 50kWh | 681.14 | 665.55 | -2.3% | 0.7700 | 0.6100 | -20.8% | | | | |
| | | Block 2: 51 - 350kWh | 681.14 | 665.55 | -2.3% | 0.7700 | 0.7700 | 0.0% | | | | |
| | | Block 3: 351 - 600kWh | 681.14 | 665.55 | -2.3% | 0.7700 | 1.0400 | 35.1% | | | | |
| | | Block 4: > 600kWh | 681.14 | 665.55 | -2.3% | 0.7700 | 1.2400 | 61.0% | | | | |
| 2.2.2.3 | 60A | 60A: | | | | | | | | | | |
| | | Block 1: 0 - 50kWh | 876.30 | 887.40 | 1.3% | 0.7700 | 0.6100 | -20.8% | | | | |
| | | Block 2: 51 - 350kWh | 876.30 | 887.40 | 1.3% | 0.7700 | 0.7700 | 0.0% | | | | |
| | | Block 3: 351 - 600kWh | 876.30 | 887.40 | 1.3% | 0.7700 | 1.0400 | 35.1% | | | | |
| | | Block 4: > 600kWh | 876.30 | 887.40 | 1.3% | 0.7700 | 1.2400 | 61.0% | | | | |
| 2.2.2.4 | 80A (To be phased-out) | 80A: Not available to new consumers | | | | | | | | | | |
| | | Block 1: 0 - 50kWh | 1281.44 | 1,281.44 | 0.0% | 0.7700 | 0.6100 | -20.8% | | | | |
| | | Block 2: 51 - 350kWh | 1281.44 | 1,281.44 | 0.0% | 0.7700 | 0.7700 | 0.0% | | | | |
| | | Block 3: 351 - 600kWh | 1281.44 | 1,281.44 | 0.0% | 0.7700 | 1.0400 | 35.1% | | | | |
| | | Block 4: > 600kWh | 1281.44 | 1,281.44 | 0.0% | 0.7700 | 1.2400 | 61.0% | | | | |
| 2.2.2.5 | 100A (To be phased-out) | 100A: Not available to new consumers | | | | | | | | | | |
| | | Block 1: 0 - 50kWh | 1519.06 | 1,519.06 | 0.0% | 0.7700 | 0.6100 | -20.8% | | | | |
| | | Block 2: 51 - 350kWh | 1519.06 | 1,519.06 | 0.0% | 0.7700 | 0.7700 | 0.0% | | | | |
| | | Block 3: 351 - 600kWh | 1519.06 | 1,519.06 | 0.0% | 0.7700 | 1.0400 | 35.1% | | | | |
| | | Block 4: > 600kWh | 1519.06 | 1,519.06 | 0.0% | 0.7700 | 1.2400 | 61.0% | | | | |

All amounts exclude VAT.

# ELECTRICITY SALES TARIFFS FOR THE FINANCIAL YEAR 2012/2013

| Item No. | DESIGNATION Present | DESIGNATION Proposed Amendments | TARIFF COMPONENTS Basic charge [R/month] 2011/2012 | Basic charge [R/month] 2012/2013 | Basic charge [R/month] %Incr. | Energy charge [R/kWh] 2011/2012 | Energy charge [R/kWh] 2012/2013 | Energy charge [R/kWh] %Incr. | Demand charge [R/kVA] 2011/2012 | Demand charge [R/kVA] 2012/2013 | Demand charge [R/kVA] %Incr. | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2.3 | COMMERCIAL CONSUMER TARIFFS | | | | | | | | | | | |
| | This tariff is for shops, office buildings, hotels, B & B's, guest houses, single residential properties utilised for business purposes, clubs (excl. sport clubs), industrial undertakings, temporary supplies, or similar premises with circuit breaker sizes not in excess of 60Amp single phase or 100Amp three phase. Should Consumers have supplies in excess hereof, the Bulk Supply tariff will be applicable. | | | | | | | | | | | |
| 2.3.1 | | Prepayment meters | | | | | | | | | | It is proposed that a Prepayment 60A single phase and three phase tariff be introduced. The total Service Charge payable at each transaction is calculated using the number of days between the previous and present purchases. Consumers will therefore find that they do not receive the same amount of kWh for the same rand value if the number of days between purchases varies. |
| 2.3.1.1 | | 1 Phase | | | | | | | | | | |
| | | 60A | | R23.54 per day | | | 0.8500 | | | | | |
| 2.3.1.2 | | 3 Phase | | | | | | | | | | |
| | | 60A | | R68.27 per day | | | 0.8500 | | | | | |
| 2.3.2 | Conventional meters | | | | | | | | | | | |
| 2.3.2.1 | 1 Phase | | | | | | | | | | | |
| | 15A (To be phased-out) | 15A Not available to new consumers. | 238.11 | 238.11 | 0.0% | 0.7000 | 0.8500 | 21.4% | | | | The existing consumers with 80A and 100A single phase circuit breaker sizes must be advised that their circuit breakers are being phased-out. Their Basic Charge will be increased annually up to eventually the same value as that of a 60A three phase circuit breaker. It will therefore be advantageous for these consumers to either convert a 60A single phase supply or a 30A or 45A three phase supply. The 15A circuit breaker wil also in future be phased-out, therefore no new consumers must be allowed on this tariff. |
| | 30A | | 452.41 | 397.80 | -12.1% | 0.7000 | 0.8500 | 21.4% | | | | |
| | 45A | | 666.71 | 596.70 | -10.5% | 0.7000 | 0.8500 | 21.4% | | | | |
| | 60A | | 857.19 | 795.60 | -7.2% | 0.7000 | 0.8500 | 21.4% | | | | |
| | 80A (To be phased-out) | 80A Not available to new consumers. | 1101.26 | 1,101.26 | 0.0% | 0.7000 | 0.8500 | 21.4% | | | | |
| | 100A (To be phased-out) | 100A Not available to new consumers. | 1330.44 | 1,330.44 | 0.0% | 0.7000 | 0.8500 | 21.4% | | | | |
| 2.3.2.2 | 3 Phase | | | | | | | | | | | |
| | 15A (To be phased-out) | 15A Not available to new consumers. | 714.33 | 714.33 | 0.0% | 0.7000 | 0.8500 | 21.4% | | | | |
| | 30A | | 1070.99 | 1,153.62 | 7.7% | 0.7000 | 0.8500 | 21.4% | | | | |
| | 45A | | 1618.56 | 1,730.43 | 6.9% | 0.7000 | 0.8500 | 21.4% | | | | |
| | 60A | | 2103.73 | 2,307.24 | 9.7% | 0.7000 | 0.8500 | 21.4% | | | | |
| | 80A | | 3303.77 | 3,076.32 | -6.9% | 0.7000 | 0.8500 | 21.4% | | | | |
| | 100A | | 3991.31 | 3,845.40 | -3.7% | 0.7000 | 0.8500 | 21.4% | | | | |
| 2.4.0 | BULK SUPPLY TARIFFS | | | | | | | | | | | |
| | The Bulk Supply tariff is for Consumers with a notified maximum demand of 60kVA or more or who require a supply greater than a 100Amp three phase circuit breaker size. The Notified Maximum Demand (NMD) is the maximum demand notified in writing by the Consumer and accepted by the Municipality. | | | | | | | | | | | |
| 2.4.1 | Normal Bulk | | | | | | | | | | | The Demand Charge will be charged at the actual demand reading, but not less than 70% of the NMD. If the demand reading exceeds the NMD, the NMD will be adjusted to the former value. It is proposed that next year the Demand Charge be unbundled into a Network Demand Charge and a Network Access Charge as per the TOU tariff. The 5% Voltage Discount for the High Voltage Tariff has been withdrawn and the discount has been incorporated into the proposed Energy and Demand Charges. |
| 2.4.1.1 | Low Voltage (<500V) | | | | | | | | | | | |
| | Basic Charge | | 598.25 | 650.00 | 8.7% | | | | | | | |
| | Demand Charge | | | | | | | | 133.92 | 146.51 | 9.4% | |
| | Energy Charge | | | | | 0.38 | 0.416 | 9.5% | | | | |
| 2.4.1.2 | High Voltage (=> 500V and < 66kV) | | | | | | | | | | | |
| | Basic Charge | | 574.75 | 650.00 | 13.1% | | | | | | | |
| | Demand Charge | | | | | | | | 127.23 | 139.19 | 9.4% | |
| | Energy Charge | | | | | 0.361 | 0.395 | 9.4% | | | | |
| | 5% Voltage Discount | To be withdrawn | | | | | | | | | | |
| 2.4.2 | Time of Use (TOU) | | | | | | | | | | | |
| | The TOU tariff is for Consumers with a minimum notified demand of 60kVA or who require a supply greater than 100A three phase circuit breaker size, and who are able to manage their energy consumption according to Eskom's specified time schedule, i.e. Peak, Standard and Off-Peak for the "Megaflex" tariff. The TOU tariff will only be available to residential developments with a bulk supply after 60% of the erven inside the development have been built on and occupation of the houses have been taken. | | | | | | | | | | | |

All amounts exclude VAT.

# ELECTRICITY SALES TARIFFS FOR THE FINANCIAL YEAR 2012/2013

| Item No. | DESIGNATION | | TARIFF COMPONENTS | | | | | | | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Basic charge [R/month] | | | Energy charge [R/kWh] | | | Demand charge [R/kVA] | | | |
| | Present | Proposed Amendments | 2011/2012 | 2012/2013 | %Incr. | 2011/2012 | 2012/2013 | %Incr. | 2011/2012 | 2012/2013 | %Incr. | |
| 2.4.2.1 | Low Voltage (<500V) | | | | | | | | | | | This tariff is based on the Eskom "Megaflex" tariff, except that there is a single Basic Charge and Eskom's Voltage and Transmission Surcharges are included in the Energy and Demand Charge tariffs. The Network Demand Charge is payable per month for the demand supplied (maximum demand reading) during peak and standard periods. No Network Demand Charge is payable during off-peak periods. The Network Access Charge is payable per month based on the highest of either the notified maximum demand (min. 60kVA) or the highest maximum demand reading during the previous 12 months. The charge is applicable during all time periods. The Reactive Energy Charge is applied to kVArh in excess of 30% (0,96 Power Factor) of kWh recorded during peak and standard periods. The excess reactive energy is determined per 30 minute integrating period and accumulated for the month and will only be applicable during high-demand season. The following conditions are applicable to the TOU tariff: (i) Consumers must have the necessary electronic metering equipment installed and correctly programmed for this tariff at their cost. (ii) Where existing Consumers consider conversion to TOU, it will be the consumers' responsibilty to do a tariff study. (iii) At least 6 months TOU data (3 x high demand season and 3 x low demand season) must be available before the conversion can be implemented. (iv) A change of tariff will apply for a minimum period of 12 months with three months mutual notice thereafter. |
| | Basic charge | | 605.00 | 650.00 | 7.4% | | | | | | | |
| | Network Demand Charge | | | | | | | | 39.33 | 46.27 | 17.6% | |
| | Network Access Charge | | | | | | | | 34.49 | 34.49 | 0.0% | |
| | Active energy charge: | | | | | | | | | | | |
| | High demand (June to August): | | | | | | | | | | | |
| | Peak | | | | | 2.12 | 2.319 | 9.4% | | | | |
| | Standard | | | | | 0.67 | 0.733 | 9.4% | | | | |
| | Off-peak | | | | | 0.42 | 0.459 | 9.3% | | | | |
| | Low demand (Sept to May): | | | | | | | | | | | |
| | Peak | | | | | 0.70 | 0.766 | 9.4% | | | | |
| | Standard | | | | | 0.50 | 0.547 | 9.4% | | | | |
| | Off-peak | | | | | 0.39 | 0.427 | 9.5% | | | | |
| | Reactive Energy Charge (R/kVArh) | | | | | 0.11 | 0.120 | 9.1% | | | | |
| 2.4.2.2 | High Voltage (>=500V and <66kV) | | | | | | | | | | | |
| | Basic charge | | 605.00 | 650.00 | 7.4% | | | | | | | |
| | Network Demand Charge | | | | | | | | 37.36 | 43.95 | 17.6% | |
| | Network Access Charge | | | | | | | | 32.76 | 32.76 | 0.0% | |
| | Active energy charge: | | | | | | | | | | | |
| | High demand (June to August): | | | | | | | | | | | |
| | Peak | | | | | 2.01 | 2.199 | 9.4% | | | | |
| | Standard | | | | | 0.63 | 0.689 | 9.4% | | | | |
| | Off-peak | | | | | 0.40 | 0.438 | 9.5% | | | | |
| | Low demand (Sept to May): | | | | | | | | | | | |
| | Peak | | | | | 0.67 | 0.733 | 9.4% | | | | |
| | Standard | | | | | 0.48 | 0.525 | 9.4% | | | | |
| | Off-peak | | | | | 0.38 | 0.416 | 9.5% | | | | |
| | Reactive Energy Charge (R/kVArh) | | | | | 0.11 | 0.120 | 9.1% | | | | |
| 2.5.0 | STREETLIGHTS | | | | | | | | | | | A tariff has been introduced for streetligh kWh usage. All streetlight consumption must be metered in order to reduce unacounted for losses. Where the consumption cannot be metered, the consumption must be calculated, i.e. kWh = number of lights x wattage x hours in use. |
| | Streetlight usage | | | | | | 1.18 | | | | | |
| 2.6.0 | DEPARTMENTAL - The respective Commercial and Bulk Supply Tariffs as per Tariffs 3[A], 3[B], 7[A] and 7[B] above shall be applicable to all municipal buildings, pumpstations, waste water works, water treatment works, etc. | | | | | | | | | | | |

All amounts exclude VAT.

| | DETAILS | CONDITIONS | 2011/2012 | 2012/2013 | % Increase |
|---|---|---|---|---|---|
| | **ELECTRICITY** | | | | |
| 2.7 | **AVAILABILITY CHARGES - P A** | | | | |
| | Residential | On Vacant Properties | 1,987.35 | 2,206.55 | 11.0% |
| | Other | On Vacant Properties | 4,524.76 | 5,023.84 | 11.0% |
| 2.8 | **TEMPORARY SUPPLY** | | As per commercial | As per commercial | |
| 2.9 | **CONNECTION FEES** | | | | |
| | **Single Phase - Domestic** | | | | |
| | PDI Areas | | 256.25 | 269.06 | 5.0% |
| | Other areas - including rural | | | | |
| | Cable 20 M inside erf | | R 3 960.00 + 10 % | R 3 960.00 + 10 % | |
| | More than 20 M cable inside erf as | | R 4 158 .00 Plus cost of | R 4 366 .00 Plus cost of | |
| | well as Rural areas | | cable plus 10 % of total | cable plus 10 % of total | |
| | **Other** | Minimum fee equal to "other areas" tariff | Cost plus 10 % | Cost plus 10 % | |
| 2.10 | **SERVICE CALLS** | | | | |
| | **Normal working hours** | | | | |
| | Town | | 217.00 | 227.85 | 5.0% |
| | Rural | | 294.00 | 308.70 | 5.0% |
| | **Outside normal working hours** | | 150 % Normal rate | 150 % Normal rate | |
| | **Sundays & Public holidays** | | 200 % Normal rate | 200 % Normal rate | |
| 2.11 | **Hire of cherry picker** | Per hour (Includes 2 X staff members) | 332.75 | 349.39 | 5.0% |
| 2.12 | **TEMPORARY DIS-/ RECONNECTION** | | | | |
| | Less than 48 hours notice | | 294.00 | 308.70 | 5.0% |
| | More than 48 hours notice | | 217.00 | 227.85 | 5.0% |
| 2.13 | **RECONNECTION BY NEW CONSUMER** | | 431.08 | 452.64 | 5.0% |
| 2.14 | **RE-INSPECTION / TEST INSTALLATION** | | | | |
| | Town | | 421.91 | 443.01 | 5.0% |
| | Rural | | 627.17 | 658.53 | 5.0% |
| 2.15 | **METER TEST (IF NO FAULT IS FOUND)** | R 200,00 Deposit in advance | Cost plus 10 % | Cost plus 10 % | |
| 2.16 | **SPECIAL METER READING** | | | | |
| | Town | | 217.00 | 227.85 | 5.0% |
| | Rural | | 294.00 | 308.70 | 5.0% |
| 2.17 | **REDUCTION IN MCB SCALE** | Only after six months has lapsed | | | |
| | Town : Single phase | | 190.48 | 200.01 | 5.0% |
| | Three phase | | 571.46 | 600.04 | 5.0% |
| | Rural : Single phase | | 285.72 | 300.01 | 5.0% |
| | Three phase | | 857.19 | 900.05 | 5.0% |
| | Bulk supply | Not Applicable | Cost plus 10 % | Cost plus 10 % | |
| 2.18 | **INCREASE IN MCB SCALE** | | | | |
| | Domestic single phase up to 60 Amp | | No charge | No charge | |
| | Rural single phase up to 60 Amp | | 294.00 | 308.70 | 5.0% |
| | Other | | Cost plus 10 % | Cost plus 10 % | |
| 2.19 | **NON PAYMENT** | | | | |
| | Disconnection | | 266.00 | 279.30 | 5.0% |
| | Reconnection | | 266.00 | 279.30 | 5.0% |
| 2.20 | **PENALTY FOR TAMPERING WITH METER** | Payable before replacement-1st incident | 924.00 | 970.20 | 5.0% |
| | | Payable before replacement-2nd incident | 1,375.00 | 1,443.75 | 5.0% |
| | | Payable before replacement-3rd incident | 1,837.00 | 1,928.85 | 5.0% |
| 2.21 | **AUGMENTATION FEES** | As determined by Council from time to time | R7 140 per ERU | R7 500 per ERU | 5.0% |
| 2.22 | **PENALTY FOR LATE PAYMENT** | Payable on late payment of an account | Prime plus 1 % | Prime plus 1 % | |

| | | DETAILS | CONDITIONS | | 2011/2012 | 2012/2013 | % Increase |
|---|---|---|---|---|---|---|---|
| 3 | | **REFUSE REMOVAL** | | | | | |
| | 3.1 | **DOMESTIC (80 LT BIN)** | (INCLUDES CHURCHES) | | | | |
| | | One removal per week per bin | Per annum | | 1,575.00 | 1,830.00 | 16.2% |
| | | Two removals per week per bin | Per annum | | 2,833.00 | 3,292.00 | 16.2% |
| | | Domestic property valuation below R 350 000 | Per month | | 65.00 | 76.00 | 16.9% |
| | 3.2 | **DOMESTIC ( 240 LT WHEELIE BIN)** | | | | | |
| | | One removal per week per bin | Per annum | | 1,652.00 | 1,920.00 | 16.2% |
| | | Two removals per week per bin | Per annum | | 2,974.00 | 3,456.00 | 16.2% |
| | | Domestic property valuation below R 350 000 | Per month | | 69.00 | 80.00 | 15.9% |
| | 3.3 | **GROUP HOUSING** | Per annum per dwelling unit | | 1,575.00 | 1,830.00 | 16.2% |
| | | | If central collection points are made available by the Home Owners Ass. the following rebate will apply | | 20% | 20% | 0.0% |
| | 3.4 | **BUSINESS / COMMERCIAL ( 80 L BIN )** | **Includes B & B's, Guest houses & single residential properties utilised for business purposes** | | | | |
| | | One removal per week per bin | Per annum | | 2,048.00 | 2,380.00 | 16.2% |
| | | Two removals per week per bin | Per annum | | 3,688.00 | 4,283.00 | 16.2% |
| | | Three removals per week per bin | Per annum | | 4,915.00 | 5,711.00 | 16.2% |
| | | Daily removal per bin | Per annum | | 7,168.00 | 8,329.00 | 16.2% |
| | | PDI areas | One removal per week-per month/Per annum | | 1,024.00 | 1,190.00 | 16.2% |
| | | | **Registered schools and creches qualify for a rebate of 10%** | | | | |
| | 3.5 | **CHURCHES** | Per annum | | 1,575.00 | 1,830.00 | 16.2% |
| | 3.6 | **BUSINESS / COMMERCIAL ( 240 LT WHEELIE BIN )** | **Includes B & B's, Guest houses & single residential properties utilised for business purposes** | | | | |
| | | One removal per week per bin | Per annum | | 2,252.80 | 2,617.75 | 16.2% |
| | | Two removals per week per bin | Per annum | | 4,055.00 | 4,712.00 | 16.2% |
| | | Three removals per week per bin | Per annum | | 5,407.00 | 6,283.00 | 16.2% |
| | | Daily removal per bin | Per annum | | 7,885.00 | 9,162.00 | 16.2% |
| | | PDI Areas | One removal per week-per month/Per annum | | 1,126.40 | 1,308.88 | 16.2% |
| | 3.7 | **BULK CONTAINERS (10 BINS = I CONTAINER)** | | | | | |
| | | One removal per week per container | Per month | | 1,365.00 | 1,587.00 | 16.3% |
| | | Two removals per week per container | Per month | | 2,457.00 | 2,855.00 | 16.2% |
| | | Three removals per week per container | Per month | | 3,277.00 | 3,807.00 | 16.2% |
| | | Daily removal per container | Per month | | 4,779.00 | 5,553.00 | 16.2% |
| | 3.8 | **SPECIAL REMOVALS** | | | | | |
| | | Excess removals in addition to the above per m3 or container | Per m3 or container | | 347.00 | 403.00 | 16.1% |
| | | Excess removals in addition to the above per bin | | | 33.00 | 39.00 | 18.2% |
| | | Removal on Sundays : Bins | Per bin | | 347.00 | 403.00 | 16.1% |
| | | Bulk containers | Per container | | 2,048.00 | 2,381.00 | 16.3% |
| | 3.9 | **GARDEN REFUSE** | | | | | |
| | | Up to half load | | | 279.39 | 324.65 | 16.2% |
| | | Full load | | | 558.79 | 649.31 | 16.2% |
| | | Plastic bag | Per bag | | 131.00 | 152.22 | 16.2% |
| | | Up to half load - Sub - economic | | | 139.70 | 162.33 | 16.2% |
| | | Full load - Sub - economic | | | 279.39 | 324.65 | 16.2% |
| | 3.10 | **PURCHASE WHEELIE BINS** | | | COST + 10 % | COST + 10 % | |
| | 3.11 | **HIRE 240 L WHEELIE BINS** | Per day | | 33.96 | 39.46 | 16.2% |
| | 3.12 | **BUILDERS RUBBLE** | | | | | |
| | | Economic | Per load | | 728.85 | 846.92 | 16.2% |
| | | PDI Areas | Per load | | 267.25 | 310.54 | 16.2% |
| | 3.13 | **PRIVATE DUMPING AT TIP** | | | | | |
| | | Garden waste - clean | See point 3 under general points | | | | |
| | | Prvate - See point 1 under general points | Car/LDV/trailer | | Free | Free | |
| | | Other users - See point 2 under general points | | | | | |
| | | | Ldv < half full | | Free | Free | |
| | | | Ldv > half full | | 18.91 | 21.97 | 16.2% |
| | | | Ldv/trailer < half full | | 26.37 | 30.64 | 16.2% |
| | | | Ldv/trailer > half full | | 34.00 | 39.51 | 16.2% |
| | | | 3 Ton truck < half full | | 41.46 | 48.18 | 16.2% |
| | | | 3 Ton truck > half full | | 71.83 | 83.46 | 16.2% |
| | | | 5 Ton truck < half full | | 60.37 | 70.15 | 16.2% |
| | | | 5 Ton truck > half full | | 94.56 | 109.87 | 16.2% |
| | | | 7 Ton truck < half full | | 89.10 | 103.54 | 16.2% |
| | | | 7 Ton truck > half full | | 160.02 | 185.94 | 16.2% |
| | | Domestic solid waste - See point 4 under general points | | | | | |
| | | Private - See point 1 under general points | Car/LDV/trailer | | Free | Free | |

| | | DETAILS | CONDITIONS | | 2011/2012 | 2012/2013 | % Increase |
|---|---|---|---|---|---|---|---|
| | | Other users (See point 2 under general points | | | | | |
| | | | Ldv < half full | | Free | Free | |
| | | | Ldv > half full | | 17.51 | 20.35 | 16.2% |
| | | | Ldv/trailer < half full | | 24.41 | 28.37 | 16.2% |
| | | | Ldv/trailer > half full | | 31.49 | 36.59 | 16.2% |
| | | | 3 Ton truck < half full | | 38.39 | 44.61 | 16.2% |
| | | | 3 Ton truck > half full | | 66.51 | 77.28 | 16.2% |
| | | | 5 Ton truck < half full | | 55.90 | 64.95 | 16.2% |
| | | | 5 Ton truck > half full | | 87.55 | 101.74 | 16.2% |
| | | | 7 Ton truck < half full | | 82.50 | 95.87 | 16.2% |
| | | | 7 Ton truck > half full | | 148.17 | 172.17 | 16.2% |
| | | Builders rubble - See point 8 undre general points | | | | | |
| | | Private - See point 1 under general points | Car/LDV/trailer | | Free | Free | |
| | | Other users (See point 2 under general points | | | | | |
| | | | Ldv < half full | | Free | Free | |
| | | | Ldv > half full | | 17.51 | 20.35 | 16.2% |
| | | | Ldv/trailer < half full | | 24.41 | 28.37 | 16.2% |
| | | | Ldv/trailer > half full | | 31.49 | 36.59 | 16.2% |
| | | | 3 Ton truck < half full | | 38.39 | 44.61 | 16.2% |
| | | | 3 Ton truck > half full | | 66.51 | 77.28 | 16.2% |
| | | | 5 Ton truck < half full | | 55.90 | 64.95 | 16.2% |
| | | | 5 Ton truck > half full | | 87.55 | 101.74 | 16.2% |
| | | | 7 Ton truck < half full | | 82.50 | 95.87 | 16.2% |
| | | | 7 Ton truck > half full | | 148.17 | 172.17 | 16.2% |
| | | Tyres | | | | | |
| | | Small (Car & ldv) | | | 13.47 | 15.65 | 16.2% |
| | | Big | | | 25.26 | 29.35 | 16.2% |
| | | GENERAL POINTS | | | | | |
| | | Private - Private residents with clean garden and builders rubble generated in normal personal and household activities | | | | | |
| | | Other - Any other person or entity with clean garden or builders rubble generated due to economic activities | | | | | |
| | | Garden waste to be bagged in bags or tied in bundles not longer than 1.2 m. Garden waste material may not exceed 60 mm in cross section. | | | | | |
| | | Domestic solid waste defined as waste (excluding garden waste and builders rubble) generated from personal and household activities | | | | | |
| | | Garden solid waste defined as superfluous vegetation (exceeding 60 mm in cross section) generated by gardening activities | | | | | |
| | | Non-domestic solid waste defined as waste, excluding mechanically compacted waste, which is neither residential waste, garden waste medical waste nor industrial waste. | | | | | |
| | | Industrial solid waste defined as waste, excluding mechanically compounded waste, generated by a manufacturing, industrial or fabricating facilities activities. | | | | | |
| | | Clean builders rubble defined as waste consisting of broken bricks, sand, stone, cement, plaster and similar inert materials, but excluding paper, plastic, wood, glass and metal. Clean builders rubble is utilised for constructing temporary roads on disposal sites and should therefor not damage vehicle tyres. | | | | | |
| | | Ldv - Bakkie - carrying capacity not exceeding one ton | | | | | |
| | | Trailer - Carrying capacity not exceeding 3 ton. | | | | | |
| | 3.13 | SALE OF PLASTIC BAGS | | | | | |
| | | Black | Per bag | | 0.97 | 1.02 | 5.0% |
| | | Blue / red | Per bag | | 1.82 | 1.91 | 5.0% |
| | | Green / cream | Per bag | | 3.63 | 3.81 | 5.0% |
| | 3.14 | PENALTY FOR LATE PAYMENT | Payable on late payment of an account | | Prime plus 1 % | Prime plus 1 % | |
| 4 | | SEWERAGE | | | | | |
| | 4.1 | BASIC (MINIMUM) CHARGES | | | | | |
| | | Single residential erven and Churches | Per annum | | 3,007.00 | 3,494.00 | 16.2% |
| | | General residential, Shops, B & B's, Offices,Hotels, Caravan parks | Per unit or equivalent per definition/Per annum | | 4,523.00 | 5,372.00 | 16.2% |
| | | Single residential properties utilised for business purposes etc | Per unit or equivalent per definition/Per annum | | 6,010.00 | 6,984.00 | 16.2% |
| | | Restaurants | | | 6,010.00 | 6,984.00 | 16.2% |
| | | Schools | | | | | |
| | | Per learner per annum | As at 31 May each year | | 8.00 | 9.30 | 16.2% |
| | | Hostels | | | | | |
| | | Per learner per annum | As at 31 May each year | | 8.00 | 9.30 | 16.2% |
| | | Group housing & Resort zones | Per unit | | 3,007.00 | 3,494.00 | 16.2% |
| | | Bulk consumers | 10 % rebate | | | | |
| | | Residential property valuation below R 350 000 | Per annum | | 841.98 | 978.36 | 16.2% |
| | | | Registered schools and creches qualify for a rebate of 10% | | | | |

| | | DETAILS | CONDITIONS | | 2011/2012 | 2012/2013 | % Increase |
|---|---|---|---|---|---|---|---|
| | | **DEFINITION :** | | | | | |
| | | Each dwelling, flat etc. shall be deemed to be one residential unit<br>Each five hotel / boarding rooms shall be deemed to be one residential unit<br>Each ten caravan sites shall be deemed to be one residential unit<br><br>Calculated results shall be rounded up to the next integer figure.<br>The number of dwellings, flats, caravan sites etc. shall be determined by a certificate issued by the Senior Building Inspector. | | | | | |
| 5 | | **SANITATION** | | | | | |
| | 5.1 | Sanitation fee per erf<br>Applicable to improved properties not served by water bourne sewerage irrespective if service is utilised | Per annum | | 1,175.00 | 1,365.00 | 16.2% |
| | 5.2 | **Septic tanks** | | | | | |
| | | Normal working hours | | | | | |
| | | Tanker removals | Per load or part thereof | | 277.00 | 322.00 | 16.2% |
| | | Tanker removals per load or part | Where no annual fee is paid | | 695.00 | 808.00 | 16.3% |
| | | Tanker removals : Sub - economic | Per load or part thereof | | 369.00 | 429.00 | 16.3% |
| | | Outside normal working hours | | | 150 % Normal rate | 150 % Normal rate | |
| | | Sundays & public holidays | | | 200 % normal rate | 200 % normal rate | |
| | 5.3 | NIGHT SOIL ( PER BUCKET ) | | | | | |
| | | Dwellings | Per month | | 37.00 | 43.00 | 16.2% |
| | | Shops / Churches | Per month | | 37.00 | 43.00 | 16.2% |
| | | Schools | Per month | | 37.00 | 43.00 | 16.2% |
| | 5.4 | AVAILABILITY CHARGES - P A | | | | | |
| | | Single residential erven | On Vacant Properties | | 3,007.00 | 3,494.00 | 16.2% |
| | | Other erven | On Vacant Properties | | 6,014.00 | 6,988.00 | 16.2% |
| | | Light industrial erven | On Vacant Properties | | 3,007.00 | 3,494.00 | 16.2% |
| | 5.5 | CONNECTION FEES | | | | | |
| | | **Connection at existing Mun. point** | | | | | |
| | | Single residential | | | 1,868.00 | 1,961.40 | 5.0% |
| | | Other | | | 5,492.00 | 5,766.60 | 5.0% |
| | | **Connection at different or additional point** | | | | | |
| | | Single residential | | | 1,868.00 | 1,961.40 | 5.0% |
| | | Other | | | 5,492.00 | 5,766.60 | 5.0% |
| | 5.6 | DUMPING AT SEWER WORKS | Per load or part thereof OR LESS THAN 5000 LITRES/MONTH | | 866.25 | 909.56 | 5.0% |
| | | | Per single load of > 5000litres | | 275.00 | 288.75 | 5.0% |
| | 5.7 | AUGMENTATION FEES | | | | | |
| | | Single residential dwelling(each) | | | 7,665.00 | 8,048.25 | 5.0% |
| | | Group housing/Resort Zone (per unit) | | | 6,300.00 | 6,615.00 | 5.0% |
| | | General residential / Flats (per unit) | | | 5,145.00 | 5,402.25 | 5.0% |
| | | Shops & Office (per 100 sqm ) | | | 2,100.00 | 2,205.00 | 5.0% |
| | | Hotels (per bed) | | | 945.00 | 992.25 | 5.0% |
| | | Camps/Caravan parks (per capita) | | | 525.00 | 551.25 | 5.0% |
| | | Restuarants (per seat) | | | 210.00 | 220.50 | 5.0% |
| | | Small developments (up to 3 units) and small holdings (rural consumers without a service agreement for development) per demand unit. | | | 8,820.00 | 9,261.00 | 5.0% |
| | 5.8 | PENALTY FOR LATE PAYMENT | Payable on late payment of an account | | Prime plus 1 % | Prime plus 1 % | |
| 6 | | **WATER** | | | | | |
| | 6.1 | BASIC (MINIMUM) MONTHLY CHARGES | | | | | |
| | | **Domestic and Churches** | | | | | |
| | | Per dwelling / flat | All areas | | 204.47 | 237.59 | 16.2% |
| | | Domestic property valuation below R350 000 | | | | | |
| | | Per dwelling / flat | On consumption of 1 to 6 Kl per month | | Free | Free | |
| | | Per dwelling / flat | On consumption of 7 Kl or more per month | | 51.12 | 59.40 | 16.2% |
| | | Per non-profit community creche (On application only) | First 40 Kl water free | | 212.65 | 247.09 | 16.2% |
| | | Other | **Includes B & B's, Guest houses & single residential properties utilised for business purposes** | | | | |
| | | Shops / offices | Per unit | | 265.81 | 308.87 | 16.2% |
| | | Restaurants | Per unit | | 531.61 | 617.74 | 16.2% |
| | | Hotels / boarding houses | Per unit | | 265.81 | 308.87 | 16.2% |
| | | Caravan parks | Per unit | | 265.81 | 308.87 | 16.2% |
| | | Industrial | Per unit | | 531.61 | 617.74 | 16.2% |
| | | Schools | Per unit | | 531.61 | 617.74 | 16.2% |
| | | PDI Areas | Per unit | | 212.65 | 247.09 | 16.2% |
| | | Rural Areas | Per unit | | 265.81 | 308.87 | 16.2% |
| | | | **Registered schools and creches qualify for a rebate of 10%** | | | | |

TARIFFS AND CHARGES FOR 2012/2013 (ALL TARIFFS & CHARGES EXCLUDES VAT)

| | DETAILS | CONDITIONS | | 2011/2012 | 2012/2013 | % Increase |
|---|---|---|---|---|---|---|
| | **TARRIFS FOR DROUGHT SITUATION** | | | | | |
| | **STAGE 1**<br>ROODEFONTEIN DAM AT 60%<br>KEURBOOMSRIVER AT 600 l/s | | | | | |
| | CONSUMPTION >25 kl per month | | | | | |
| 6.1 | **BASIC MONTHLY CHARGES** | | | | | |
| | **Domestic** | | | | | |
| | Per dwelling / flat | All areas | | 306.70 | 356.39 | 16.2% |
| | **STAGE 2**<br>ROODEFONTEIN DAM AT 40%<br>KEURBOOMSRIVER AT 400 l/s | | | | | |
| | CONSUMPTION >25 kl per month | | | | | |
| 6.1 | **BASIC MONTHLY CHARGES** | | | | | |
| | **Domestic** | | | | | |
| | Per dwelling / flat | All areas | | 408.93 | 475.18 | 16.2% |
| | **STAGE 3**<br>ROODEFONTEIN DAM AT 25%<br>KEURBOOMSRIVER AT 300 l/s | | | | | |
| | CONSUMPTION >25 kl per month | | | | | |
| 6.1 | **BASIC MONTHLY CHARGES** | | | | | |
| | **Domestic** | | | | | |
| | Per dwelling / flat | All areas | | 613.40 | 712.77 | 16.2% |
| 6.2 | **AVAILABILITY CHARGES - P A** | | | | | |
| | Domestic | On Vacant Properties | | 2,453.61 | 2,851.09 | 16.2% |
| | Other | On Vacant Properties | | 6,379.38 | 7,412.84 | 16.2% |
| | Domestic :PDI Areas | On Vacant Properties | | 613.40 | 712.77 | 16.2% |
| | Other : PDI Areas | On Vacant Properties | | 2,551.75 | 2,965.13 | 16.2% |
| | **DEFINITION :** | | | | | |
| | Residential unit for purposes of establishing the number of equivalent units : | | | | | |
| | Each dwelling, flat etc. shall be deemed to be one residential unit<br>Each five hotel / boarding rooms shall be deemed to be one residential unit<br>Each ten caravan sites shall be deemed to be one residential unit | | | | | |
| | Calculated results shall be rounded up to the next integer figure.<br>The number of dwellings, flats, caravan sites etc. shall be determined by a certificate issued by the Senior Building Inspector. | | | | | |
| 6.3 | **CONSUMPTION CHARGE** | | | | | |
| | **Domestic and Churches** | | | | | |
| | 0 - 25 kl | R / kl | | Free | Free | |
| | 26 - 30 kl | R / kl | | 4.80 | 5.58 | 16.2% |
| | 31 - 40 kl | R / kl | | 6.72 | 7.81 | 16.2% |
| | 41 - 50 kl | R / kl | | 8.16 | 9.48 | 16.2% |
| | 51 - 60 kl | R / kl | | 10.56 | 12.27 | 16.2% |
| | 61 - 70 kl | R / kl | | 13.44 | 15.62 | 16.2% |
| | Above 70 kl | R / kl | | 26.40 | 30.68 | 16.2% |
| | Bulk consumers | Rebate on consumption only | | 10% | 10% | 0.0% |
| | **TARRIFFS IN DROUGHT SITUATION** | | | | | |
| | **STAGE 1**<br>**ROODEFONTEIN DAM AT 60 %**<br>**KEURBOOMSRIVER AT 600 l/sec** | | | | | |
| | 26 - 30 kl | R / kl | | 7.20 | 8.37 | 16.2% |
| | 31 - 40 kl | R / kl | | 10.08 | 11.71 | 16.2% |
| | 41 - 50 kl | R / kl | | 12.24 | 14.22 | 16.2% |
| | 51 - 60 kl | R / kl | | 15.84 | 18.41 | 16.2% |
| | 61 - 70 kl | R / kl | | 20.16 | 23.43 | 16.2% |
| | Above 70 kl | R / kl | | 39.60 | 46.02 | 16.2% |
| | **STAGE 2**<br>**ROODEFONTEIN DAM AT 40 %**<br>**KEURBOOMSRIVER AT 400 l/sec** | | | | | |
| | 26 - 30 kl | R / kl | | 9.61 | 11.17 | 16.2% |
| | 31 - 40 kl | R / kl | | 13.45 | 15.63 | 16.2% |
| | 41 - 50 kl | R / kl | | 16.34 | 18.98 | 16.2% |
| | 51 - 60 kl | R / kl | | 21.14 | 24.57 | 16.2% |
| | 61 - 70 kl | R / kl | | 26.91 | 31.27 | 16.2% |
| | Above 70 kl | R / kl | | 52.86 | 61.42 | 16.2% |

| | DETAILS | CONDITIONS | 2011/2012 | 2012/2013 | % Increase |
|---|---|---|---|---|---|
| | **STAGE 3** | | | | |
| | **ROODEFONTEIN DAM AT 25 %** | | | | |
| | **KEURBOOMSRIVER AT 300 l/sec** | | | | |
| | 26 - 30 kl | R / kl | 14.41 | 16.74 | 16.2% |
| | 31 - 40 kl | R / kl | 20.17 | 23.44 | 16.2% |
| | 41 - 50 kl | R / kl | 24.50 | 28.47 | 16.2% |
| | 51 - 60 kl | R / kl | 31.70 | 36.84 | 16.2% |
| | 61 - 70 kl | R / kl | 40.35 | 46.88 | 16.2% |
| | Above 70 kl | R / kl | 79.26 | 92.09 | 16.2% |
| | **Business / commercial / other** | **Includes B & B's, Guest houses & single residential properties utilised for business purposes** | | | |
| | 0 - 60 kl | | 6.63 | 7.70 | 16.2% |
| | 61 - 100 kl | | 15.01 | 17.44 | 16.2% |
| | 100 - 200 kl | | 17.15 | 19.93 | 16.2% |
| | Above 200 kl - Excluding Laundromats | | 19.28 | 22.40 | 16.2% |
| | Above 200 kl - Laundromats | | 17.15 | 19.93 | 16.2% |
| | **Rural (Without service agreement for development)** | | | | |
| | 0 - 20 kl | R / kl | Free | Free | |
| | 21 - 30 kl | R / kl | 4.80 | 5.58 | 16.2% |
| | 31 - 40 kl | R / kl | 8.16 | 9.48 | 16.2% |
| | Above 40 kl | R / kl | 26.42 | 30.70 | 16.2% |
| | **Pre-paid** | | | | |
| | Domestic | | | | |
| | 0 - 6 kl | R / kl | Free | Free | |
| | 7 - 30 kl | R / kl | 4.80 | 5.58 | 16.2% |
| | 31 - 40 kl | R / kl | 6.72 | 7.81 | 16.2% |
| | 41 - 50 kl | R / kl | 8.16 | 9.48 | 16.2% |
| | 51 - 60 kl | R / kl | 10.56 | 12.27 | 16.2% |
| | 61 - 70 kl | R / kl | 13.44 | 15.62 | 16.2% |
| | Above 70 kl | R / kl | 26.40 | 30.68 | 16.2% |
| | Beaches | R / kl | 6.59 | 7.65 | 16.2% |
| 6.4 | **CONNECTION FEES** | | | | |
| | **Standard connections** | | | | |
| | Municipal area : 15 mm | | 1,618.66 | 1,697.49 | 5.0% |
| | 20 mm | | 1,939.99 | 2,036.99 | 5.0% |
| | 25 mm | | 2,618.98 | 2,749.93 | 5.0% |
| | 40 mm | | 7,856.95 | 8,249.80 | 5.0% |
| | 50 mm | | 8,642.65 | 9,074.78 | 5.0% |
| | 80 mm | | 9,508.91 | 9,982.26 | 5.0% |
| | Rural area : 20 mm only | | 2,521.99 | 2,648.08 | 5.0% |
| | **Non - standard connections** | | Cost plus 10 % | Cost plus 10 % | |
| | Minimum charge | | 3,666.58 | 3,849.91 | 5.0% |
| 6.5 | **DIS- & RECONNECTIONS DUE TO NON-PAYMENT** | | | | |
| | All areas | | 266.00 | 279.30 | 5.0% |
| 6.6 | **SPECIAL READINGS** | | 217.00 | 227.85 | 5.0% |
| 6.7 | **SALE OF WATER BY TANKER** | | | | |
| | Collected at depot | Payable in advance | R 4,00 per kl | R 4,50 per kl | |
| | Delivery of water by tanker | | | | |
| | Per kilometer | Payable in advance | 8.62 | 17.00 | 97.1% |
| | Per tanker or part thereof | Payable in advance | 368.74 | 382.00 | 4.2% |
| 6.8 | **Filling of swimming pools from hydrant** | Payable in advance | | | |
| | Per kilometer | Payable in advance | 8.62 | Invoice/Quote | |
| | Per tanker or part thereof | Payable in advance | 368.74 | Invoice/Quote | |
| 6.9 | **SERVICE CALLS** | | | | |
| | **Normal working hours** | | | | |
| | Town | | 217.00 | 227.85 | 5.0% |
| | Rural | | 294.00 | 308.70 | 5.0% |
| | **Outside normal working hours** | | 150 % of above | 150 % of above | |
| | **Sundays & Public Holidays** | | 200 % of above | 200 % of above | |
| 6.10 | **TEST OF METERS** | | 176.18 | 184.98 | 5.0% |
| 6.11 | **TEMPORARY DIS- / RECONNECTION** | | 217.00 | 227.85 | 5.0% |
| 6.12 | **TAMPERING WITH METER** | Payable before replacement | 2,131.38 | 2,237.93 | 5.0% |
| 6.13 | **WATER TESTS** | | | | |
| | Full | Per sample | 369.60 | 388.08 | 5.0% |
| | Bacteriological, ecoli & califorms | Per sample | 98.56 | 103.49 | 5.0% |
| 6.14 | **PENALTY FOR LATE PAYMENT** | **Payable on late payment of an account** | Prime plus 1 % | Prime plus 1 % | |

| | | DETAILS | CONDITIONS | | 2011/2012 | 2012/2013 | % Increase |
|---|---|---|---|---|---|---|---|
| | 6.15 | **AUGMENTATION FEES** | | | | | |
| | | **SINGLE RESIDENTIAL ERVEN** | | | | | |
| | | Erven up to 600 sqm | | | 18,382.50 | 19,302.00 | 5.0% |
| | | Erven 601 sqm to 800 sqm | | | 21,177.50 | 22,236.00 | 5.0% |
| | | Erven 801 sqm to 1000 sqm | | | 26,767.50 | 28,106.00 | 5.0% |
| | | Erven 1001 sqm to 1200 sqm | | | 32,250.00 | 33,863.00 | 5.0% |
| | | Erven 1201 sqm to 1400 sqm | | | 37,732.50 | 39,619.00 | 5.0% |
| | | Erven 1401 sqm to 1600 sqm | | | 43,215.00 | 45,376.00 | 5.0% |
| | | Erven 1601 sqm to 1800 sqm | | | 49,020.00 | 51,471.00 | 5.0% |
| | | Erven 1801 sqm to 2000 sqm . | | | 54,502.50 | 57,228.00 | 5.0% |
| | | Erven over 2000 sqm | | | 80,952.50 | 84,000.00 | 5.0% |
| | | **GROUP HOUSING- RESORT ZONE** | | | | | |
| | | Units up to 100 sqm | | | 17,307.50 | 18,173.00 | 5.0% |
| | | Units 101 sqm to 120 sqm | | | 20,747.50 | 21,785.00 | 5.0% |
| | | Units 121 sqm to 140 sqm | | | 24,402.50 | 25,623.00 | 5.0% |
| | | Units 141 sqm to 160 sqm | | | 28,057.50 | 29,460.00 | 5.0% |
| | | Units 161 sqm to 180 sqm | | | 31,712.50 | 33,298.00 | 5.0% |
| | | Units 181 sqm to 200 sqm | | | 35,367.50 | 37,136.00 | 5.0% |
| | | Units over 200 sqm | | | 39,022.50 | 40,974.00 | 5.0% |
| | | **GENERAL RESIDENTIAL** | | | | | |
| | | Flats up to 100 sqm | | | 15,802.50 | 16,593.00 | 5.0% |
| | | Flats 101 sqm to 120 sqm | | | 19,457.50 | 20,430.00 | 5.0% |
| | | Flats 121 sqm to 150 sqm | | | 24,402.50 | 25,623.00 | 5.0% |
| | | Flats over 150 sqm | | | 28,057.50 | 29,460.00 | 5.0% |
| | | **OTHER** | | | | | |
| | | Shops and Ofices per 100 sqm | | | 9,245.00 | 9,707.00 | 5.0% |
| | | Hotels (per bed) | | | 4,730.00 | 4,967.00 | 5.0% |
| | | Restaurants (per seat) | | | 698.75 | 734.00 | 5.0% |
| | | Camps and Caravan per capita | | | 2,741.25 | 2,878.00 | 5.0% |
| | | **SMALL DEVELOPMANTS (1 TO 3 UNITS)** | | | | | |
| | | Small developments (up to 3 units) and small holdings(rural consumers without a service agreement for deveopment) per demand unit | | | 34,400.00 | 36,120.00 | 5.0% |
| 7 | | **BEACHES** | | | | | |
| | | **Access, parking and/or launching fee** | | | | | |
| | | **Commercial** | | | | | |
| | | Whale/Dolphin/Seal boat | Per boat | | 13,915.00 | 14,611.00 | 5.0% |
| | | Fishing charter boat | Per Annum | | 15,308.50 | 16,072.00 | 5.0% |
| | | Diving boat | Per Annum | | 15,308.50 | 16,072.00 | 5.0% |
| | | Tender | Per Annum | | 15,308.50 | 16,072.00 | 5.0% |
| | | Kayak | Per Annum | | 1,530.65 | 1,607.00 | 5.0% |
| | | **LAUNCHING OFRECREATIONAL VESSELS** | | | | | |
| | | Sail- & Fishing boats, personal water crafts, rubber ducks etc | Per day | | 73.21 | 77.00 | 5.2% |
| | | | Per week | | 148.41 | 154.00 | 5.2% |
| | | | Per Annum | | 732.05 | 769.00 | 5.0% |
| | | **OVERNIGHT BEACH PARKING** | **Recreational vessels only** | | | | |
| | | Sail boats | Per day | | 73.21 | 76.87 | 5.0% |
| | | Sail boats | Per week | | 148.41 | 153.73 | 5.0% |
| | | Sail boats | Per annum | | 732.05 | 768.65 | 5.0% |
| | | Fishing boats, rubber ducks etc | Per day | | 73.21 | 76.87 | 5.0% |
| | | Fishing boats, rubber ducks etc | Per week | | 148.41 | 153.73 | 5.0% |
| 8 | | **BUILDING CONTROL** | | | | | |
| | | **BUILDING PLAN FEES** | | | | | |
| | | **New buildings, alterations & additions** | Minimum | | 368.03 | 384.33 | 5.0% |
| | | Residential Houses (including Farm dwellings) | | | | | |
| | | Dwellings, 2nd dwellings, granny flats, outbuildings, additions, wendy houses etc | | | | | |
| | | Sketchplans, Masts, etc | | | 368.03 | 384.33 | 5.0% |
| | | **Residential houses (including Farms)** | **Dwellings, 2nd dwellings, granny flats, outbuildings, awnings, additions, wendy houses etc** | | | | |
| | | Floor area 0-30 m2 | Per m2 | | 9.85 | 10.34 | 5.0% |
| | | Floor area 31-50 m2 | Per m2 | | 16.11 | 16.91 | 5.0% |
| | | Floor area 51-100 m2 | Per m2 | | 21.30 | 22.36 | 5.0% |
| | | Floor area 101-200 m2 | Per m2 | | 26.35 | 27.67 | 5.0% |
| | | Floor area 201-400 m2 | Per m2 | | 30.08 | 31.58 | 5.0% |
| | | Floor area above 401 m2 | Per m2 | | 36.60 | 38.43 | 5.0% |
| | | **Alteration without increasing areas** | | | | | |
| | | Internal alterations 0.5% cost of construction (to be confirmed by QS/Architect) | | | | | |

TARIFFS AND CHARGES FOR 2012/2013 (ALL TARIFFS & CHARGES EXCLUDES VAT)

| | | DETAILS | CONDITIONS | | 2011/2012 | 2012/2013 | % Increase |
|---|---|---|---|---|---|---|---|
| | | **Non- Residential buildings** | | | | | |
| | | Carports & awnings | Per m2 | | 10.65 | 11.18 | 5.0% |
| | | Factories, warehouses & parking garages | Per m2 | | 18.50 | 19.43 | 5.0% |
| | | Flats, shops, offices, hotels, churches, halls, cinimas, hospitals,agricultural buildings and other similar buildings | Per m2 | | 26.62 | 27.95 | 5.0% |
| | | Pools ( Residential & non-residential ) | Per m2 | | 468.51 | 491.94 | 5.0% |
| | | Boundary walls | Per running meter | | 7.32 | 7.69 | 5.0% |
| | | Minimum fee per building | | | 366.03 | 384.33 | 5.0% |
| | | Provisional Authorization | | | | | |
| | | Occupancy certificate in excess of 12 months of occupation | Exceeding 12 months | | 500.00 | 525.00 | 5.0% |
| | | Special events, temp grandstand, exhibit & tents minimum fee valid for the period as specified by Building Control | | | 366.03 | 384.33 | 5.0% |
| | | Demolition Certificates | Minimum Fee | | 366.03 | 384.33 | 5.0% |
| | | PDI Areas | | | 50 % Rebate | 50 % Rebate | |
| | | **Extension of validity of building plan** | Within 12 months | | 366.03 | 384.33 | 5.0% |
| | | **Amendment to plans requiring scrutiny** | | | | | |
| | | Minimum fee | | | 366.03 | 384.33 | 5.0% |
| | | PDI Areas | | | 366.03 | 384.33 | 5.0% |
| | | Labourers cottages / agricultural buildings | | | 366.03 | 384.33 | 5.0% |
| | | **Exemptions** | | | | | |
| | | State Funded Projects, | | | 30% Rebate | 30% Rebate | |
| | | RDP, High Density, Municipal/Provincial Housing Projects: Including previous financial years | | | 100% Rebate | 100% Rebate | |
| | | NGO'S (Welfare organizations, Old Age, etc) | | | 100 % Rebate | 100 % Rebate | |
| | | Churches | | | 50 % Rebate | 50 % Rebate | |
| | | **Contravention levy** | | | 20 % of building cost | 20 % of building cost | |
| | | **Pavement rental** | | | | | |
| | | Single residential | Payable in advance | | 1,131.35 | 1,187.92 | 5.0% |
| | | Business | Payable in advance | | 10 % of Mun valuation or R 1 500 maximum | 10 % of Mun valuation or R 1 500 maximum | |
| | | **PENALTY FOR BUILDING WITHOUT APPROVED BUILDING PLANS** | | | 7 x Normal Fees | 7 x Normal Fees | |
| | | **PRINTING OF PLANS** | | | | | |
| | | Size A 0 | Each | | 79.86 | 83.85 | 5.0% |
| | | Size A 1 | Each | | 53.24 | 55.90 | 5.0% |
| | | Size A 2 | Each | | 33.28 | 34.94 | 5.0% |
| | | Size A 3 | Each | | 10.65 | 11.18 | 5.0% |
| 9 | | **TOWN PLANNING FEES :** | PDI Areas: 50 % rebate | | | | |
| | | Special Consent Use | 0.05% of property value / property | | 765.33 | Min=R 570, Max=R 102,600 | |
| | | Rezoning (No EIA) | | | 1,816.82 | | -100.0% |
| | | Rezoning (EIA) | | | 3,913.14 | | -100.0% |
| | | Rezoning (LUPO sec 17) | 0.10% of property value / property | | | 138,600 | |
| | | Departures | | | 559.02 | - | -100.0% |
| | | Departure use (LUPO sec 15(1)(a)(ii) | R 5,700 per Year | | | Min=R 5,700, Max=R 57,000 | |
| | | Departure Development parameters (LUPO sec 15(1)(a)(i) | Rate per Site Size. R 5.70 /sq m / paramter | | | Min=R 570, Max=R 22,800 | |
| | | **Subdivisions :** | | | | | |
| | | Up to 3 erven | Per application | | 1,257.80 | | -100.0% |
| | | More than 3 Erven created | Per additional erf | | 55.90 | | -100.0% |
| | | Supdivision (LUPO sec 25) | 0.10% of property value plus R 57 unit/erf in excess of 10 | | | Min=R 570, Max=R 136,800 | |
| | | Section 23 subdivisions | Fixed fee per property | | 499.13 | 4,560.00 | 813.6% |
| | | Clearance for transfer (LUPO sec 31) | Fixed fee per property @ R 228/property | | | 228.00 | |
| | | Removal of Restriction | No rezoning or similar part of rezoning | | 838.53 | - | -100.0% |
| | | Removal of Restriction | Part of rezoning or similar | | 559.02 | - | -100.0% |
| | | Removal of Restriction | 0.10% of property value/ property | | | Min=R 570, Max=R 136,800 | |
| | | Structure Plan Ammendment | | | | | |
| | | No rezoning or similar | | | 1,816.82 | 1,907.66 | 5.0% |
| | | With Rezoning | | | 1,257.80 | 1,320.68 | 5.0% |
| | | **Advertising :** | | | | | |
| | | Press and/or notices | Fixed fee plus actual cost | | 2,795.10 | 5,700.00 | 103.9% |
| | | **Notification fees** | | | | | |
| | | Neighbours only | | | 106.48 | | -100.0% |
| | | 5 to 10 owners | | | 212.96 | | -100.0% |
| | | Mor than 10 owners | | | 638.88 | | -100.0% |
| | | Zoning certificates | Per Property | | 113.14 | 250.00 | 121.0% |
| | | Encroachments | | | 419.27 | - | -100.0% |
| | | Extention of validity period (LUPO) | Fixed Fee plus actual cost | | | 5,700.00 | |
| | | Extension validity sud division or rezoning < 2 years | | | 905.08 | - | -100.0% |
| | | Amendment conditions/plan | One condition/plan only | | 838.53 | - | -100.0% |
| | | More than one condition/plan | Basic fee plus per additional al | | 279.51 | - | -100.0% |
| | | Amendment of conditions (LUPO sec 42) | Fixed Fee plus actual cost | | | 5,700.00 | |

| | | DETAILS | CONDITIONS | | 2011/2012 | 2012/2013 | % Increase |
|---|---|---|---|---|---|---|---|
| | | **Aerial photos** | | | | | |
| | | Map compilation | per hour | | 212.96 | 223.61 | 5.0% |
| | | Information electronicly | per disk/cd | | 113.14 | 118.79 | 5.0% |
| | | A 4 copy | | | 13.31 | 13.98 | 5.0% |
| | | General information | Per hour or part | | 113.14 | 118.79 | 5.0% |
| | | **BUILDING PLAN LISTS** | | | | | |
| | | 12 Months | Collected | | 492.47 | 517.09 | 5.0% |
| | | 12 Months | Faxed | | 678.81 | 712.75 | 5.0% |
| | | Building plan lists | Per month | | 139.76 | 146.74 | 5.0% |
| | | **Sensitive Coastal area application(No EIA)** | Fixed Fee plus actual cost | | 499.13 | 5,700.00 | 1042.0% |
| | | **Sensitive Coastal area application(EIA)** | Fixed Fee plus actual cost | | 865.15 | 7,100.00 | 720.7% |
| | | **Consultation fee** | Registered owner not present (Per hour or part) | | 212.96 | 223.61 | 5.0% |
| | | **Ad-Hoc applications** | | | 559.02 | 586.97 | 5.0% |
| | | **Use/lease/purchase Municipal land** | | | 559.02 | 586.97 | 5.0% |
| | | **Closure of public places and / or street** | Rate per closure site size @ R 11.40 / sq m | | | Min=R 1,710; Max=R 136,800 | |
| | | **Height investigation** | Surveyor for applicant's cost | | 1,331.00 | 1,397.55 | 5.0% |
| 10 | | **SIGNAGE** | | | | | |
| | | **Removal & collection of illegal signage** | | | | | |
| | | Billboards & other high impact, free-standing | Billboards exceeding 15 sq meters | | 138.60 per sq M | 138.60 per sq M | |
| | | General signs | Flat signs | | 69.30 per sq M | 69.30 per sq M | |
| | | | Signs on building | | 69.30 per sq M | 69.30 per sq M | |
| | | | Roof signs | | 69.30 per sq M | 69.30 per sq M | |
| | | | Painted signs | | 69.30 per sq M | 69.30 per sq M | |
| | | | Window signs | | 69.30 per sq M | 69.30 per sq M | |
| | | | Residential signs | | 69.30 per sq M | 69.30 per sq M | |
| | | | Business signs | | 69.30 per sq M | 69.30 per sq M | |
| | | | Veranda, balcony & awning signs | | 69.30 per sq M | 69.30 per sq M | |
| | | | Illuminated | | 69.30 per sq M | 69.30 per sq M | |
| | | | B & B Directional boards | | 69.30 per sq M | 69.30 per sq M | |
| | | | Sandwich boards | | 69.30 per board | 69.30 per board | |
| | | Signs | Temporary signs for fundraising events | | 69.30 per sq M | 69.30 per sq M | |
| | | | Tourism signs | | 69.30 per sq M | 69.30 per sq M | |
| | | Special signs | Aerial signs / balloons | | 1 155.00 per sign | 1 155.00 per sign | |
| | | | Vehicular advertising | | As per Traffic Dept | As per Traffic Dept | |
| | | | Trailer advertising | | As per Traffic Dept | As per Traffic Dept | |
| | | | Project boards | | 138.60 per sq M | 138.60 per sq M | |
| | | Any signs not specified above and not exceeding 15 sq Meters | | | 115.50 per sq M | 115.50 per sq M | |
| | | **Fees are payable to Signage Management Agency (SMA) of the Plettenberg Bay Municipality. No structure can be collected by Advertiser or will be returned to Advertiser prior to all arrear fees having been paid in full.** | | | | | |
| | | **NOTE: Removal of any sign or structure having a concrete base or been fastened down in such a manner as to require excess labour, will be charged for at R 150,00 per hour and AA rates according to applicable transportation over and above the prices listed above.** | | | | | |
| 11 | | **CEMETERY FEES** | | | | | |
| | | **CENTRAL CEMETERY** | | | | | |
| | | Burial plot | | | 2,613.60 | 2,744.28 | 5.0% |
| | | Digging & filling of grave | | | 653.40 | 686.07 | 5.0% |
| | | **OTHER CEMETERIES** | | | | | |
| | | Burial plot | | | 326.70 | 343.04 | 5.0% |
| | | Digging & filling of grave | | | 326.70 | 343.04 | 5.0% |
| | | **WALL OF REMEBERANCE** | | | | | |
| | | Grave in wall of rememberabce | Inclusive of urn and plate | | 326.70 | 343.04 | 5.0% |
| 12 | | **FIRE FIGHTING** | | | | | |
| | | **Fire fighting charges** | | | | | |
| | | Turnout charge | | | 180 | 191.00 | 6.3% |
| | | Charge per km | | | 16 | 17.00 | 6.4% |
| | | **Waterpump operating charge** | Per hour or part of an hour | | 124.15 | 128.00 | 3.1% |
| | | Standby | Per hour or part of an hour | | 80 | 85.00 | 6.4% |
| | | Dry powder unit | | | Cost | Cost | |
| | | Turnout charge | | | 180 | 191.00 | 6.3% |
| | | Charge per km | | | 16 | 17.00 | 6.4% |
| | | **Water tender** | | | | | |
| | | Turnout charge | | | 179.8 | 191.00 | 6.3% |
| | | Charge per km | | | 16 | 17.00 | 6.4% |
| | | Standby | Per hour or part of an hour | | 75.87 | 79.66 | 5.0% |

| | | DETAILS | CONDITIONS | | 2011/2012 | 2012/2013 | % Increase |
|---|---|---|---|---|---|---|---|
| | | **Service motorcar** | | | | | |
| | | Turnout | | | 80 | 85.00 | 6.4% |
| | | Charge per km | | | 7.99 | 9.00 | 12.7% |
| | | Standby | Per hour or part of an hour | | 50 | 53.00 | 5.8% |
| | | **Personell charge** | Per hour or part of an hour | | | | |
| | | Any fire, patrol or the like | | | | | |
| | | Chief | With equipment | | 120.00 | 128.00 | 6.7% |
| | | Deputy Chief | | | 115.00 | 120.75 | 5.0% |
| | | Station Officer | | | 99.20 | 105.15 | 6.0% |
| | | Leading Fireman | | | - | 96.57 | 0.0% |
| | | Assistant Station Officer | | | 86.25 | - | -100.0% |
| | | Senior Fireman | | | 80.44 | 85.27 | 6.0% |
| | | Fireman | | | 64.40 | 68.26 | 6.0% |
| | | Junior Fire Fighter | | | - | 56.11 | 0.0% |
| | | Learner Fireman/Volunteers / Casuals | | | 46.88 | 49.70 | 6.0% |
| | | Volunteers | | | 45.00 | 47.70 | 6.0% |
| | | Other Municipal Personnel | | | Hourly rate | Hourly rate | |
| | | **Equipment** | | | | | |
| | | Extinguishers : Dry powder | | | R 300.00 P/U | R 300.00 P/U | |
| | | Co2 | | | R 350.00 P/U | R 350.00 P/U | |
| | | Foam | | | R 250.00 P/U | R 250.00 P/U | |
| | | H2o | | | R 90.00 P/U | R 90.00 P/U | |
| | | Foam - to replace | | | R 50.00 Per L | R 50.00 Per L | |
| | | Each breathing aparatus | | | 150.00 | 150.00 | 0.0% |
| | | Portable pump | | | 80.00 | 80.00 | 0.0% |
| | | Lighting plant | | | 150.00 | 150.00 | 0.0% |
| | | Power tools | | | 80.00 | 80.00 | 0.0% |
| | | Fire Safety Compliance Certificate | | | R 500 | 525.00 | 5.0% |
| | | Emergency Evacuation Plans | | | R 150 | 157.50 | 5.0% |
| | | Emergency Standby at Events | | | R 1,000 | 1,050.00 | 5.0% |
| | | **Training:** | | | | | |
| | | Venue | Per day | | - | 200.00 | |
| | | Equipment | Per day | | - | 100.00 | |
| | | Medical Supplies | Per day | | - | 500.00 | |
| | | Student Fees | Per Student | | - | 405.00 | |
| 13 | | **SUNDRY TARIFFS** | | | | | |
| | | **USE OF FAX MACHINE** | | | | | |
| | | Incoming | Per A4 page | | 3.99 | 4.19 | 5.0% |
| | | Outgoing | Per A4 page | | 3.99 | 4.19 | 5.0% |
| | | **COST OF TELEPHONE CALL** | | | Telkom tariffs | Telkom tariffs | |
| | | **SCHEDULE OF RATES CLEARANCE ISSUED** | | | 99.83 | 104.82 | 5.0% |
| | | **ADDRESS LIST** | PER 20 PRINTED PAGES | | 292.82 | 307.46 | 5.0% |
| | | **ADDRESS LABLES** | PER 10 PRINTED STICKY LABLE SHEETS | | 439.23 | 461.19 | 5.0% |
| | | **ADDRESS LIST ON CD** | PER CD | | 292.82 | 307.46 | 5.0% |
| | | **PHOTOSTATS : A4** | | | 5.32 | 5.59 | 5.0% |
| | | A3 | | | 6.66 | 6.99 | 5.0% |
| | | **INFORMATION TO PUBLIC** | | | | | |
| | | Inspection of any deed, document, diagram | | | 5.56 | 5.83 | 5.0% |
| | | Certificate of valuation or outstanding charges | | | Replaced | Replaced | |
| | | Rates clearance certificate fees -electronic application | | | 55.00 | 57.75 | 5.0% |
| | | Rates clearance certificate fees - application other than electronic | | | 165.00 | 175.00 | 6.1% |
| | | Search of index to any account not in service register - Per account per 10 minutes | | | 13.31 | 13.98 | 5.0% |
| | | Search of index to any account in register - Per account per 10 minutes | | | 13.31 | 13.98 | 5.0% |
| | | **WRONG BANK ACCOUNT ,WRONG REFERENCES AND UNPAID ITEMS** | | | | | |
| | | Fee for unpaid items due to wrong bank account details,wrong reference number furnished for direct payments or internet payments,traffic fine refences used for water & electricity accounts and "not provided for payments | PER INCIDENT | | 73.21 | 76.87 | 5.0% |

TARIFFS AND CHARGES FOR 2012/2013 (ALL TARIFFS & CHARGES EXCLUDES VAT)

| | | DETAILS | CONDITIONS | | 2011/2012 | 2012/2013 | % Increase |
|---|---|---|---|---|---|---|---|
| | | **TRAFFIC SERVICES** | | | | | |
| | | Application Fees for Events/Sports | | | R 1,000 | R 1,050 | 5.0% |
| | | Impounding of vehicle | | | R 50 per day | R 55 per day | |
| | | Escorting of Funerals | | | R 200 | R 210 | 5.0% |
| | | Escorts- vehicles | | | R 200 | R 210 | 5.0% |
| | | Street Closure without Traffic Officer Assistance | | | R 100 | R 105 | 5.0% |
| | | **Disable Disc** | | | | | |
| | | Application | | | 40 | 42.00 | 5.0% |
| | | Issue | | | 20 | 21.00 | 5.0% |
| | | **FIRE SERVICES** | | | | | |
| | | Fire Safety Compliance/Event/Building | | | R 200 | - | -100.0% |
| | | Application for Inspection | | | R 200 | - | -100.0% |
| | | **Training** | | | | | |
| | | Basic First Aid Training | | | R 180 | - | -100.0% |
| | | Basic Fire Training | | | R 180 | - | -100.0% |
| | | Dog Lisences | | | R 50 | 52.50 | 5.0% |
| | | Event Management | | | R 2,000 | 2,100.00 | 5.0% |
| | | **TRAFFIC TECHNICAL** | | | | | |
| | | Roadmarkings- Private premises | | | Actual Cost/Personnel Hourly Rate/15% of total | Actual Cost/Personnel Hourly Rate/15% of total | |
| | | **PERSONNEL HOURLY RATE** | | | | | |
| | | Supervisor hourly rate | | | | | |
| | | Traffic Officers/ Law Enforcement Officers | | | | | |
| | | Point duty Officers | | | | | |
| | | **VEHILCES** | | | | | |
| | | Patrol Vehicle | | | R100 per vehicle per ever | R105 per vehicle per event | |
| | | **RENTALS** | | | | | |
| | | Beacon Island Flats: per room (excluding municipal employees) | per month | | 300.00 | 315.00 | 5.0% |
| | | New Horizons Hostel (from 1 July 2011 services will be charged seperately) | Per month | | 100.00 | 105.00 | 5.0% |
| | | **Dwellings :** | | | | | |
| | | 1 Bedroom house | Per month | | 42.59 | 44.72 | 5.0% |
| | | 2 Bedroom house | Per month | | 70.54 | 74.07 | 5.0% |
| | | 3 Bedroom house | Per month | | 91.84 | 96.43 | 5.0% |
| | | 2 Bedroom wooden house | Per month | | 98.49 | 103.42 | 5.0% |
| | | 3 Bedroom wooden house | Per month | | 141.09 | 148.14 | 5.0% |
| | | **Other** | | | | | |
| | | Garden sites : Small holdings | Per annum | | 246.24 | 258.55 | 5.0% |
| | | Industrial sites | Per month | | 57.23 | 60.09 | 5.0% |
| | | Business sites | Per month | | 85.18 | 89.44 | 5.0% |
| | | Penalty for late payment of service charges | | | Prime + 1 % | Prime + 1 % | |
| | | **HAWKER SITES (MAY - OCTOBER)** | | | | | |
| | | Taxi rank-Shoprite | Per month | | 50.00 | 52.50 | 5.0% |
| | | Beacon Way | Per month | | 450.00 | 472.50 | 5.0% |
| | | Lookout & Central Beach ( stalls with acces to electricity) | Per month | | 450.00 | 472.50 | 5.0% |
| | | Lookout & Central Beach ( stalls without acces to electricity) | Per month | | 300.00 | 315.00 | 5.0% |
| | | | Per month | | | | |
| | | **HAWKER SITES (NOVEMBER - APRIL)** | | | | | |
| | | Taxi rank-Shoprite | Per month | | 100.00 | 105.00 | 5.0% |
| | | Beacon Way | Per month | | 450.00 | 472.50 | 5.0% |
| | | Lookout & Central Beach ( stalls with acces to electricity) | Per month | | 450.00 | 472.50 | 5.0% |
| | | Lookout & Central Beach ( stalls without acces to electricity) | | | 300.00 | 315.00 | 5.0% |
| | | **Kwano Taxi Rank (July - June)** | | | | | |
| | | 6 Open stalls | Per month | | 100.00 | 105.00 | 5.0% |
| | | 9 Locked stalls | Per month | | 150.00 | 157.50 | 5.0% |
| | | **Hire of plants at Municipal halls/facilities** | | | 266.20 | 279.50 | 5.0% |
| | | **Sale of fuel Airport** | Purchase price of fuel plus | | | | |
| 14 | | **DEPOSITS** | | | | | |
| | | **Service deposit** | | | | | |
| | | **Domestic - Economic areas** | | | | | |
| | | By owner | If cut off due to non payment, it may be | | 1,064.80 | 1,118.04 | 5.0% |
| | | By person who rents | required that a further deposit be paid | | 2,129.60 | 2,236.08 | 5.0% |
| | | **Domestic - PDI Areas** | | | | | |
| | | By owner | If cut off due to non payment, it may be | | 199.65 | 209.63 | 5.0% |
| | | By person who rents | required that a further deposit be paid | | 399.30 | 419.27 | 5.0% |
| | | **All other types of connections** | | | | | |
| | | By owner | If cut off due to non payment, it may be | | 2 X monthly account | 2 X monthly account | |
| | | By person who rents | required that a further deposit be paid | | 4 X monthly account | 4 X monthly account | |
| | | **Builder's** | | | | | |
| | | Economic | Per new dwelling | | 9,317.00 | 9,782.85 | 5.0% |
| | | PDI Areas | Per new dwelling | | | | |
| | | **Poster deposits** | Per poster | | 6.05 | 6.35 | 5.0% |

TARIFFS AND CHARGES FOR 2012/2013 (ALL TARIFFS & CHARGES EXCLUDES VAT)

| | | DETAILS | CONDITIONS | | 2011/2012 | 2012/2013 | % Increase |
|---|---|---|---|---|---|---|---|
| 15 | | AERODROME FEES | | | | | |
| | 15.1 | LANDING FEES | Weight Category | | | | |
| | 15.1.1 | AIRCRAFTS | 500 | | 33.61 | 35.29 | 5.0% |
| | | | 1,000 | | 51.30 | 53.87 | 5.0% |
| | | | 1,500 | | 63.73 | 66.92 | 5.0% |
| | | | 2,000 | | 76.98 | 80.83 | 5.0% |
| | | | 2,500 | | 91.57 | 96.15 | 5.0% |
| | | | 3,000 | | 104.73 | 109.96 | 5.0% |
| | | | 4,000 | | 146.14 | 153.45 | 5.0% |
| | | | 5,000 | | 186.49 | 195.81 | 5.0% |
| | | | 6,000 | | 227.24 | 238.61 | 5.0% |
| | | | 7,000 | | 269.31 | 282.77 | 5.0% |
| | | | 8,000 | | 309.87 | 325.36 | 5.0% |
| | | | 9,000 | | 348.66 | 366.09 | 5.0% |
| | | | 10,000 | | 391.60 | 411.18 | 5.0% |
| | | | 12,000 | | 450.83 | 473.37 | 5.0% |
| | | | 14,000 | | 510.05 | 535.55 | 5.0% |
| | | | 16,000 | | 569.27 | 597.73 | 5.0% |
| | | | 18,000 | | 628.49 | 659.92 | 5.0% |
| | | | 20,000 | | 687.72 | 722.10 | 5.0% |
| | 15.1.2 | HELICOPTERS | | | | | |
| | | | 500 | | 8.25 | 8.66 | 5.0% |
| | | | 1,000 | | 11.37 | 11.94 | 5.0% |
| | | | 1,500 | | 14.51 | 15.23 | 5.0% |
| | | | 2,000 | | 17.57 | 18.45 | 5.0% |
| | | | 2,500 | | 20.69 | 21.73 | 5.0% |
| | | | 3,000 | | 23.86 | 25.05 | 5.0% |
| | | | 4,000 | | 33.31 | 34.98 | 5.0% |
| | | | 5,000 | | 42.51 | 44.63 | 5.0% |
| | | | 6,000 | | 51.80 | 54.39 | 5.0% |
| | | | 7,000 | | 61.38 | 64.45 | 5.0% |
| | | | 8,000 | | 70.66 | 74.20 | 5.0% |
| | | | 9,000 | | 79.50 | 83.47 | 5.0% |
| | | | 10,000 | | 89.31 | 93.78 | 5.0% |
| | | | 12,000 | | 102.78 | 107.92 | 5.0% |
| | | | 14,000 | | 116.28 | 122.10 | 5.0% |
| | | | 16,000 | | 129.80 | 136.29 | 5.0% |
| | | | 18,000 | | 143.30 | 150.47 | 5.0% |
| | | | 20,000 | | 156.79 | 164.63 | 5.0% |
| | 15.2 | PARKING FEES | | | | | |
| | 15.2.1 | AIRCRAFTS | | | | | |
| | | | Weight Category | | | | |
| | | | 500 | | 23.63 | 24.81 | 5.0% |
| | | | 1,000 | | 48.58 | 51.01 | 5.0% |
| | | | 1,500 | | 69.19 | 72.65 | 5.0% |
| | | | 2,000 | | 94.99 | 99.73 | 5.0% |
| | | | 2,500 | | 139.88 | 146.87 | 5.0% |
| | | | 3,000 | | 183.92 | 193.12 | 5.0% |
| | | | 3,500 | | 231.84 | 243.43 | 5.0% |
| | | | 4,000 | | 276.69 | 290.53 | 5.0% |
| | | | 4,500 | | 366.03 | 384.33 | 5.0% |
| | | | 5,000 | | 455.58 | 478.36 | 5.0% |
| | | | 5,500 | | 546.22 | 573.53 | 5.0% |
| | | | 6,000 | | 687.18 | 721.52 | 5.0% |
| | | | 6,500 | | 829.18 | 870.64 | 5.0% |
| | 15.2.2 | HELICOPTERS | | | | | |
| | | | 500 | | 5.38 | 5.65 | 5.0% |
| | | | 1,000 | | 11.07 | 11.63 | 5.0% |
| | | | 1,500 | | 15.77 | 16.55 | 5.0% |
| | | | 2,000 | | 21.66 | 22.74 | 5.0% |
| | | | 2,500 | | 31.87 | 33.46 | 5.0% |
| | | | 3,000 | | 41.97 | 44.07 | 5.0% |
| | | | 3,500 | | 52.84 | 55.48 | 5.0% |
| | | | 4,000 | | 63.08 | 66.23 | 5.0% |
| | | | 4,500 | | 83.45 | 87.63 | 5.0% |
| | | | 5,000 | | 103.85 | 109.05 | 5.0% |
| | | | 5,500 | | 124.55 | 130.77 | 5.0% |
| | | | 6,000 | | 156.66 | 164.49 | 5.0% |
| | | | 6,500 | | 189.04 | 198.49 | 5.0% |
| | | PARKING FEE LEVIED AFTER FIRST 4 HOURS FOR EACH 24 HOUR PERIOD OR PART THEREOF | | | | | |
| | 15.3 | PASSENGER FEES | | | 56.37 | 59.19 | 5.0% |
| | 15.4 | HANGAR FEES | PER METER OF BUILDING | | 1.46 | 1.54 | 5.0% |
| | | CALL-OUT | SURCHARGE PER CALL-OUT | | 175.69 | 184.48 | 5.0% |
| | | | FIRE SERVICE | | 1,597.20 | 1,677.06 | 5.0% |
| | | | GPU | | 479.16 | 503.12 | 5.0% |
| | | OFFICE RENTAL | AS DETERMINED BY COUNCIL FROM TIME TO TIME | | | | |

## PIESANG VALLEY COMMUNITY HALL TARIFFS

| | | WEEKDAYS | | | | SAT/SUN/PUBLIC HOLIDAYS | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Damages Deposit | Hall | | Hall and Kitchen | | Hall | | Hall and Kitchen | |
| 1. Socials | | 2011/12 R | 2012/13 R | 2011/12 R | 2012/13 R | 2010/11 R | 2012/13 R | 2010/11 R | 2012/13 R |
| Hourly | 50% of tariff | 65.34 | 68.61 | 65.34 | 68.61 | 78.41 | 82.33 | 78.41 | 82.33 |
| Morning | 50% of tariff | 235.22 | 246.99 | 300.56 | 315.59 | 326.70 | 343.04 | 392.04 | 411.64 |
| Afternoon | 50% of tariff | 235.22 | 246.99 | 300.56 | 315.59 | 326.70 | 343.04 | 392.04 | 411.64 |
| Day | 50% of tariff | 326.70 | 343.04 | 392.04 | 411.64 | 457.38 | 480.25 | 522.72 | 548.86 |
| Evening | 50% of tariff | 457.38 | 480.25 | 522.72 | 548.86 | 653.40 | 686.07 | 718.74 | 754.68 |
| Day & Evening | 50% of tariff | 653.40 | 686.07 | 718.74 | 754.68 | 980.10 | 1,029.11 | 1,045.44 | 1,097.71 |
| | | | | | | | | | |
| 2. Conferences | | | | | | | | | |
| Hourly | 50% of tariff | 65.34 | 68.61 | 65.34 | 68.61 | 78.41 | 82.33 | 78.41 | 82.33 |
| Morning | 50% of tariff | 235.22 | 246.99 | 300.56 | 315.59 | 326.70 | 343.04 | 392.04 | 411.64 |
| Afternoon | 50% of tariff | 235.22 | 246.99 | 300.56 | 315.59 | 326.70 | 343.04 | 392.04 | 411.64 |
| Day | 50% of tariff | 326.70 | 343.04 | 392.04 | 411.64 | 457.38 | 480.25 | 522.72 | 548.86 |
| Evening | 50% of tariff | 457.38 | 480.25 | 522.72 | 548.86 | 653.40 | 686.07 | 718.74 | 754.68 |
| Day & Evening | 50% of tariff | 653.40 | 686.07 | 718.74 | 754.68 | 980.10 | 1,029.11 | 1,045.44 | 1,097.71 |
| 3. Performances | | | | | | | | | |
| Hourly | 50% of tariff | 65.34 | 68.61 | 65.34 | 68.61 | 78.41 | 82.33 | 78.41 | 82.33 |
| Morning | 50% of tariff | 261.36 | 274.43 | 326.70 | 343.04 | 365.90 | 384.20 | 418.18 | 439.08 |
| Afternoon | 50% of tariff | 261.36 | 274.43 | 326.70 | 343.04 | 365.90 | 384.20 | 418.18 | 439.08 |
| Day | 50% of tariff | 365.90 | 384.20 | 418.18 | 439.08 | 457.38 | 480.25 | 522.72 | 548.86 |
| Evening | 50% of tariff | 418.18 | 439.08 | 483.52 | 507.69 | 522.72 | 548.86 | 588.06 | 617.46 |
| Day & Evening | 50% of tariff | 588.06 | 617.46 | 653.40 | 686.07 | 653.40 | 686.07 | 718.74 | 754.68 |
| 4. Receptions | | | | | | | | | |
| Hourly | 50% of tariff | 65.34 | 68.61 | 65.34 | 68.61 | 78.41 | 82.33 | 78.41 | 82.33 |
| Morning | 50% of tariff | 326.70 | 343.04 | 392.04 | 411.64 | 457.38 | 480.25 | 522.72 | 548.86 |
| Afternoon | 50% of tariff | 326.70 | 343.04 | 392.04 | 411.64 | 457.38 | 480.25 | 522.72 | 548.86 |
| Day | 50% of tariff | 457.38 | 480.25 | 522.72 | 548.86 | 588.06 | 617.46 | 653.40 | 686.07 |
| Evening | 50% of tariff | 588.06 | 617.46 | 653.40 | 686.07 | 718.74 | 754.68 | 784.08 | 823.28 |
| Day & Evening | 50% of tariff | 718.74 | 754.68 | 784.08 | 823.28 | 849.42 | 891.89 | 914.76 | 960.50 |
| 5. Political | | | | | | | | | |
| Hourly | 50% of tariff | 65.34 | 68.61 | 65.34 | 68.61 | 78.41 | 82.33 | 75.58 | 79.36 |
| Morning | 50% of tariff | 313.63 | 329.31 | 372.44 | 391.06 | 356.00 | 373.80 | 395.00 | 414.75 |
| Afternoon | 50% of tariff | 313.63 | 329.31 | 372.44 | 391.06 | 356.00 | 373.80 | 395.00 | 414.75 |
| Day | 50% of tariff | 431.24 | 452.81 | 490.05 | 514.55 | 487.00 | 511.35 | 535.00 | 561.75 |
| Evening | 50% of tariff | 535.79 | 562.58 | 588.06 | 617.46 | 576.00 | 604.80 | 636.00 | 667.80 |
| Day & Evening | 50% of tariff | 810.22 | 850.73 | 967.03 | 1,015.38 | 861.00 | 904.05 | 1,009.00 | 1,059.45 |
| | | | | | | | | | |

Late Levy: R250 per hour or part thereof calculated from 00:00 after 00:30

Damages deposit: Refundable after deduction for damages

Periods

| | | | |
|---|---|---|---|
| Hourly: | Weekdays only | Day: | 08:00 - 18:00 |
| Morning: | 08:00 - 12:00 | Evening: | 18:00 - 00:00 |
| Afternoon: | 13:00 - 18:00 | Day & Evening: | 08:00 - 00:00 |

Rebate: A rebate of 40% on the tariffs of the Community Halls is applicable to Cultural/ Educational/Welfare/Service and Non-profit making organisations, Churches, Voortrekkers, Scouts, Girl Guides, Widows and Orphans Funds, Sports Clubs and Municipal, Provincial and State Institutions

Written applications for a further rebate from Organisations as mentioned above will be considered on merit.

## COMMUNITY HALL TARIFFS: NEW HORIZONS & KWANOKUTHULA

| | | WEEKDAYS | | | | SAT/SUN/PUBLIC HOLIDAYS | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Damages Deposit | Hall | | Hall and Kitchen | | Hall | | Hall and Kitchen | |
| All Functions | | 2011/12 R | 2012/13 R | 2011/12 R | 2012/13 R | 2010/11 R | 2012/13 R | 2010/11 R | 2012/13 R |
| Hourly | N/A | 13.31 | 13.98 | 26.62 | 27.95 | 26.62 | 27.95 | 39.93 | 41.93 |
| Morning | 50% of tariff | 93.17 | 97.83 | 119.79 | 125.78 | 106.48 | 111.80 | 139.76 | 146.74 |
| Afternoon | 50% of tariff | 93.17 | 97.83 | 119.79 | 125.78 | 106.48 | 111.80 | 139.76 | 146.74 |
| Day | 50% of tariff | 106.48 | 111.80 | 146.41 | 153.73 | 119.79 | 125.78 | 173.03 | 181.68 |
| Evening | 50% of tariff | 106.48 | 111.80 | 146.41 | 153.73 | 119.79 | 125.78 | 173.03 | 181.68 |
| Day & Evening | 50% of tariff | 133.10 | 139.76 | 173.03 | 181.68 | 159.72 | 167.71 | 199.65 | 209.63 |

| All Functions | GREEN VALLEY, KURLAND, KRANSHOEK & QOLWENI | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | WEEKDAYS - HALL ONLY | | | | | SAT/SUN/PUBLIC HOLIDAYS - HALL ONLY | | | |
| | DAMAGES DEPOSIT | 2011/12 | 2012/13 | | | 2011/12 | 2012/13 | | |
| Hourly | N/A | 13.31 | 13.98 | | | 19.97 | 20.96 | | |
| Morning | 50% of tariff | 66.55 | 69.88 | | | 79.86 | 83.85 | | |
| Afternoon | 50% of tariff | 66.55 | 69.88 | | | 79.86 | 83.85 | | |
| Day | 50% of tariff | 79.86 | 83.85 | | | 106.48 | 111.80 | | |
| Evening | 50% of tariff | 79.86 | 83.85 | | | 133.10 | 139.76 | | |
| Day & Evening | 50% of tariff | 106.48 | 111.80 | | | 199.65 | 209.63 | | |

Late Levy: R100 per hour or part thereof calculated from 00:00 after 00:30

Damages deposit: Refundable after deduction for damages

Periods

| | | | |
|---|---|---|---|
| Hourly: | Weekdays only | Day: | 08:00 - 18:00 |
| Morning: | 08:00 - 12:00 | Evening: | 18:00 - 00:00 |
| Afternoon: | 13:00 - 18:00 | Day & Evening: | 08:00 - 00:00 |

Rebate: A rebate of 40% on the tariffs of the Community Halls is applicable to Cultural/ Educational/Welfare/Service and Non-profit making organisations, Churches, Voortrekkers, Scouts, Girl Guides, Widows and Orphans Funds, Sports Clubs and Municipal, Provincial and State Institutions

Written applications for a further rebate from Organisations as mentioned above will be considered on merit.

## RUGBY FIELD

| | | WEEKDAYS | | | | SAT/SUN/PUBLIC HOLIDAYS | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Damages Deposit | Hall | | | | Hall | | | |
| 1. Socials | | 2011/12 R | 2012/13 R | | | 2011/12 R | 2012/13 R | | |
| Hourly | 50% of tariff | 45.98 | 48.28 | | | 55.64 | 58.42 | | |
| Morning | 50% of tariff | 181.50 | 190.58 | | | 219.62 | 230.60 | | |
| Afternoon | 50% of tariff | 181.50 | 190.58 | | | 219.62 | 230.60 | | |
| Day | 50% of tariff | 423.50 | 444.68 | | | 512.44 | 538.06 | | |
| Evening | 50% of tariff | 423.50 | 444.68 | | | 512.44 | 538.06 | | |
| Day & Evening | 50% of tariff | 423.50 | 444.68 | | | 512.44 | 538.06 | | |

# ANNEXURE B

# PUBLIC COMMENTS

## 2012-2013

I Phumzile KANA ..... a resident in ward ..3.. house no..10419..... I hereby wish to state that the budget in its current form does not represent my needs and those of my community . I am also not happy with the public participation process this has been made only for compliance purposes and did not take our needs as the community with respect

I therefore ask the council to vote against this budget if not corrected to include what we have asked during the IDP processes.

P.H. KANA

MR. T. MORGAN MOODLEY
125 GERICKE ROAD
KRAAIFONTEIN, 6605
PLETTENBERGBAY.

LETTER OF REJECTION

I HEREBY REJECT THE PROPOSED BUDGET DRAFT FOR THE YEAR 2012/2013

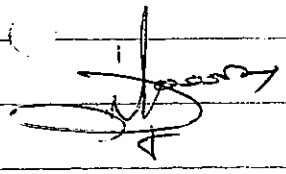
SADAIT MOODLEY

185 GERRICK ROAD

KRANSHOEK

6605

I SADAIT MOODLEY REJECT THE PROPOSED BUDJECT PLAN FOR KRANSHOEK AS IT DOESNOT MEET THE DEMANDS OF THE PEOPLE



MRS. D. M. MOODLEY
185 GERRICKE ROAD
IRENE STATION
PORT ELIZABETH BAY
6605

I hereby reject the proposed Budget draft for the year 2012 and 2013

D Moodley

Mbulelo & Karushan Mabombo.
185 Geerida Rd, Kraaifontein

11/05

We hereby reject the proposed budget draft for the year 2012/2013.

We findit ridiculous that our cost of living has been pushed up so high, that we would not be able to afford the basics required to live even a normal life

We therefore REJECT the proposal for the budget 2012/2013

K Mabombo
8404130238088

Calvin Mbulelo Mabombo

Cell: 076 740 5988

YCL Logo (Young Communist of South Africa)

Dear Mayor & Councillor

## Rejecting of The Propose IDP Budget

- Bitou Mayor and Councillor we as the Young Communist League in Plett we will Reject the budget Proposal under the following Reasen.

i. The budget does not specify how much will be Spended each word.
ii. The budget does not specify how much u will spend to create jobs for Young people
iii. It is 94% of Youth that use drug addicted alcohol abuse and Sexual Victor because of unemployement
iv. Rising the Service by 16,2% while we are unemployed depend on our Parents Pension and Grant
v. In all IDP for Past 6 years we have ask for Sports indoor for our Youth to take them out of Drugs
vi. No empowement Projects for Youth and Unemployed people.
vii. Young people of the age 25 above are staying with their parents on RDP house while 18 year old white boy is staying on his own flat with his own Money.
viii. The budget is chasing away Black people on W.C as one of the Parlament of WC have said.

- We therefore go back and reaccess this Budge I and include the Needs and Service of Poor People.
- If Continue by it we will then make sure that Plett will be out of Control again like 2007.

Yours in Politics
Secretary - Refta Mbamsi Tuli

South African National Civic Organisation

8916 Nkumande Street
Kwanokuthula
PLETTENBERG BAY
6600
11 May 2012

To.Mr Thys
The municipal manager
Bitou municipality
Plettenberg bay
6600

**The rejection of the draft budget plan that was presented in the last IDP ward meetings**

Firstly we were hoping to see more improvement on the (BatuPile) principlels,as people voted differently 2011.eg your Organizing for these public participations was very poor as if it's a privilege while it is the peoples rights.

Contradiction in the presenters talking about saving money but we were addressed by a consultant who have been paid.while the council has financial stuff.

Also the following points are our reason for rejection

- Clarity in the revenue increase from property rates from R83.6million to R94.4million what are these municipal properties? e.g our municipality keep saying there is no LAND for RDP housing development
- On table A4 we also need you to unpack e.g you made mention of R231.1million for basic services.
- A also we see good intentions of generating money in this table but from who? How this is going to affect the poor

- Table 53 there is no number of poor people you just made mention of them,while you mention numbers to other.
- No static's of unemployed people on this document
- No job creation plans as to how many job opportunities you are going to create
- The draft is not clear as to all this is going to be implanted as your IDP document use to be.and it is not talking about each ward is generalizing.

We hope this rejection may reach goals and vision of Democratic South Africa

Yours in community development

T.Jantjies

Secretary
078 3137 882

T.Lobese

chairperson
073 1892 835

**Draft budget 2012/2013 Integrated Development Plan (IDP)**
**Draft 2012/2013 Budget**
**Note is hereby given in terms of section 21 of the Local Government Municipal System Act, 2000 and section 22 of the Local Government Municipal Finance Management act, 2003, that the Draft Budget and Tariffs 2012/2013 Bitou Local Municipality**

(1)

The budget presented on the 09th May 2012 Kwanokuthula Township at 18h00 by Bitou Municipal official and one consulted hired by Bitou Municipality was no addressing my needs and the community at large.

(2)

I have noted with deep concern how Bitou Municipality led by DA/COPE runs its municipality since came into power. The DA/COPE is acting outside of the laws of the country. The budget presented to us on Wednesday the 9th May 2012 doesn't about systematically eradicating poverty , grow the economy, create decent job opportunities and substantially reduce unemployment in Bitou.

(3)

The budget speaks about rising of municipal services example: Electricity, Water, Refuse Removal and sewerage etc.

(4)

It also speaks nothing about youth development and creation of job opportunities for young people in Kwanokuthula and entire Bitou. This budget is not detailed at all it doesn't explains were does the rest of the money is going to.

(5)

It also speaks about reducing staff members from 550 up to 481 as addressed at IDP meeting. While our country is trying its best to create more job opportunities for our people. The DA/COPE is rendering oung people unemployed. The termination of contracted youth by the DA/COPE led government is fulfilling their dreams to employ their own cronies who voted for them and own approved budget.

(6)

I therefore rejecting the budget, because it doesn't address my needs and the community at large. I write this on my own capacity, coming council meeting I call on councillors not to vote for the budget. They must reject the budget and not approved it all.

Mxolisi Bruce Sijama
Email: sijama.mxolisi@gmail.com
Cell: 072 555 1344

Thusong Service Centre

SIMUNYE COMMUNITY CENTRE

CNR XIPHULA STREET, KWANOKUTHULA, PLETTENBERG BAY, 6600
P.O.BOX 2465. PLETTENBERG BAY. 6600
TEL: 044-501 3134 / FAX: 044-533 6993
E-MAIL: loyisog01@gmail.com. mobile: 0737499925
Reg. 006 – 301 NPO

11MAY2012

Mr Municipal Manager

RE: Rejection of the draft budget for vear 2012/2013

After I carefully listeaning to budget that was tabled in a recent IDP ward meetings I wish show my dispointment and show my complite rejection to that draft budget.

Mr MM we are an NGO that is registered as an NPO therefor we don't make profit nor do we have big savings, it is very sad then to see that municiplity doesn't conssider NGO in their budget . We are raising our rejection with clear community mandate serving them with the most basic services, and be extra vehicle for services delivary. Mr Manager we are not included in this current budget or nothing was mention about NGO we are being failled by our own municipality very sad.

The next council meeting must not approved that draft budget as it is a total insult to the whole community, and for the fact that there was no public participation further more need of the people are not address in that budget.

Mr Manager as this NPO we very disapointed we hope you can do better than that, ours is development when se that it is undermined we must react and show some dissatisfication.

Yours in development

Loyiso Godfather Notshokovu (chairperson )

**ANCYL BITOU FIRGHT LEARN AND PRODUCE**

Economic freedom in our life as an ANCYL in Bitou ward 5 we feel that when the budget does not speak with economic freedom in ourlife.The budget that was tabled in the meeting of IDP its an insult to the community at large particularly to young people, Therefore we reject the budget and refuse to accept the budget at all.

1. **Job Creation**
   Last budget municipality budgeted for 550 employees DA/Cope controlled municipality cut down the budget to 481, That means black people alone will be out of jobs while our country is trying to create more jobs for young people. The municipality is firing black people while is busy hiring white consultants with couple of millions.

2. **Youth Development**

   Again the DA/Cope they didn't say any word about youth development, they just failed to mention the word youth.

3. **Housing**
   We don't understand when the official are saying there's no funds for housing whereas the mayor promised us that the houses will be build last year September.

We as the above organisation rejecting the budget that was tabled in the IDP budget presented in all wards. The budget doesn't speak about the needs of the community of Kwanokuthula,does not speak about the needs of young people and also the operational budget is not detailed.

Conclusion.

Signatures'

0783513080

0725551344

0761799338

# African National Congress

**Bitou Caucus**


## Office of ANC Chief Whip Bitou Municipality

Tel: 044 533 5268Fax: 044 533 5243. Mobile 071 857504 , e-mail: zulekhambali@gmail.com


**11 May 2012**

**The Office of the Municipal Manager**

**Private Bag X1002**

**Plettenberg bay**

**6600**

**RE: Representation/ Comments**

**DRAFT BUDGET FOR 2012/13 FINACIAL YEAR**

We would like to appreciate the opportunity given to use by the MFMA to make representations or comments. We are committed to participatory democracy and to participatory budgeting, however we must say it from the onset that we are not interested in attending stage managed events that are designed for compliance and stage managed for politics and media in general, we are only interested to attend only to issues that will bring services to our people the poorest of the poor.

We want to build a people's Bitou in which all people count the same and everyone can live a life of safety and dignity. To us it seems logical that this will only be possible when people are put before profit and the social value of land is put before its commercial value.

We rejects the neo-liberal character of the DA lead Council as being anti-poor. The high increase in tariffs from 8-12 % in 2011/2012 budget years to 16.2% in 2012/2013 clearly this is only going to milk

our people who in majority are unemployed, the decrease in capital expenditure from the previous budget is but just only a political window dressing that only seeks to satisfy the monopoly capital in this town.

I wish to quote the Mayor when he says " I believe we have done all in our power to address service delivery requirements within our financial means and I thank our community for their inputs in the IDP process " It is with regret that the Mayor had to thank the community for wasting their time to attend IDP processes that were only made for compliance and nothing was considered in terms of the request from these communities, may be the Mayor was only thanking the white capitalist elite as lead by the DA.

We are concern that the current draft budget as it stand does not represent the needs of our communities but represent the needs of the capitalist elite , the draft budget is not clear and detailed as to how the roads, electricity and other funds are going to be shared among our communities, we know that in Kwanokuthula R500 000 will be spent on electrifying the area, however the people of Cuba in Qolweni who have been crying for years have not been considered by this budget. The housing fund does not tell where this money will be spent , we all know that the people of New horizon are still waiting for their own housing development which the draft budget does not address.

The draft budget does not show us how much money will be spend in Witterdrif , Kurland , New Horizon, Kwanokuthula and Bossisgef /Qolweni areas in general.

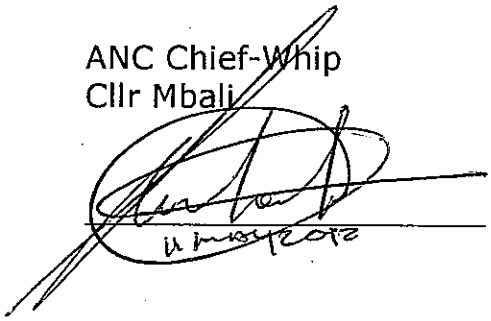
The austerity measures being apply by council should not be at the detriment of the poor people of this town. This council should learn from their imperialist counter part in Europe of what people do when you put measures that are against their will. The council must grow the development of our poor people and not grave the development of the poor. The current draft budget seeks to grave the development of poor people of this town.

It is clear that this budget is a tool taken from the apartheid tactics that says divide them by race and now this council says divide them using the budget. We are calling to the council to rectify this budget and take people needs with respect.

We want to see a budget that speaks to the needs of the people , we reject the current budget in its current form. It is clear that the people do not want this budget , therefore we can not close our eyes and say lets do it anyway. We understand that this budget is not a people's budget but a political budget .We are therefore committed to politicizing poverty, exclusion and inequality. In doing so will come closer in getting the people's budget.

The ANC rejects this Draft Budget and calls for a review.

ANC Chief-Whip
Cllr Mbali



# ANNEXURE C

# PROVINCIAL GOVERNMENT ASSESSMENT REPORT

## 2012-2013

Western Cape Government

Provincial Treasury

# BITOUMUNICIPALITY

# 2012/13 MTREF BUDGET
# LGMTEC 3 ASSESSMENT REPORT
# WITH RESPONSES/COMMENTS FROM BITOU

# APRIL/MAY 2012

# GLOSSARY

**Accrual** an accounting convention by which payment and receipts are recorded as they occur, even if no cash flow takes place.

**Adjustments estimate** means presentation to council of the amendments to be made to the appropriations voted in the main budget for the year.

**Budget** means a documented source of information on anticipated income and expenditure over a specific period of time.

**Capital expenditure** means expenditure on assets such as buildings, land, infrastructure and equipment.

**Credibility** means the municipality can execute and deliver on this budget realistic/ability to spend.

**Current expenditure** means government expenditure on goods and services, such as salaries, rent, and maintenance and interest payments.

**Division of revenue** means the allocation of funds between spheres of government, as required by the constitution.

**Equitable share** means the allocation of revenue to the national, provincial and local spheres of government as required by the constitution.

**Liquidity** refers to the degree of availability of cash, or the ease with which assets can be turned into cash to meet immediate financial needs.

**Medium Term Expenditure Committee (MTEC)** means the technical committee responsible for the evaluating of the MTEF budget submissions of municipalities and making recommendations to the municipal councils of the Provincial Cabinet regarding outcomes of the assessments.

**Medium Term Revenue and Expenditure Framework (MTREF)** means the three year spending plans of national, provincial and local governments, published at the time of the budget.

**Municipal tariff** means a tariff for services which a municipality may set for the provision of a service to the local municipality, and include a surcharge on such tariff.

**Responsiveness** means the extent to which the strategic direction, planning and implementation take into account the impact of the socio-economic reality of the municipality on its residents.

**Sustainability** means the municipality has sufficient revenue and adequate corporate stability to fund and deliver on its budget.

**Worthwhileness** means value for money or time or effort spent.

## SECTION 2: EXECUTIVE SUMMARY

An overview of the detailed assessment had been prepared to provide the executives of the Municipality with a synopsis from each of the main sections of the report as follows:

- **Compliance Assessment**

  The assessment results indicate that the Municipality's budget has been prepared in the required format, most of the required main tables had been completed and the relevant main and supporting schedules are balancing with each other.

  However, five of the supporting schedules were incomplete. The budget had also been tabled in council and the budget documentation is complete which includes the council resolution and the quality certificate.

  Comment:

  Do not agree with the statement - "However, five of the supporting schedules were incomplete" the reason will be address Section 3 below.

- **Previous LGMTEC Findings**

  The In-Year Monitoring reports and quarterly engagements with the Municipality indicate that the Municipality had not addressed all of the previous LGMTEC findings.

- **Responsiveness and Performance Assessment**

  Bitou Municipality's planning and strategies are aligned within the Municipal and broader Provincial context. The Municipality has identified nine priority areas which have clearly been aligned to the draft budget. The Municipality has also been able to clearly capture the need as expressed by the communities through the ward meetings.

  The provision of basic services receives priority in the draft budget, both in capital and operating spending. Infrastructure provision aims to facilitate economic growth and the extension of basic services and have been allocated the bulk of the funding in both the capital and operating budgets over the 2012/13 MTREF.

## SECTION 3: COMPLIANCE REVIEW (CONFORMANCE)

The Provincial Treasury has conducted a review of the Municipality's compliance with the preparation and submission of the in-year reports and the assessment results indicate that:

The annual budget of the Municipality was tabled in Council on 30 March 2012 where after only the Council item and the budget related policies were received from the Municipality.

The draft budget of the Municipality was prepared in the required formats as prescribed by the Municipal Budget and Reporting Regulations and related legislation. In addition, the Municipality also incorporated the guidelines issued by National Treasury outlined within MFMA Circular 54 – Municipal Budget Circular for the 2011/12 MTREF.

The Compliance review performed by the Provincial Treasury on the Draft Budget submitted by the Municipality showed that the Municipality complied with most of the relevant sections**(refer to Annexure's A, B and C)**.

The Compliance Review Checklist furthermore indicated that the Municipality submitted all the supporting tables for the 2012/13 draft budget except that the following were not completed:

- SA11: Property Rates Summary – not completed
- SA21: Property Rates by Category – Current Year – not completed
- SA23: Property Rates by Category – Budget Year – not completed
- SA33: Service Tariffs by Category – not completed
- SA37: Borrowing - not completed

Comment:

The table descriptions; marked blue; above are incorrect. Bitou prepared its comments based on the assessment outcome in Annexure A:

- SA11 - Bitou agrees it was completed partially; the rest of the detail will be included when the tabling of the budget for consideration takes place.

The rest of the schedules were completed with the available information.

- SA21: Transfers and grants made by the Municipality, the Budget office did not receive of any transfers at the time of tabling. A grant was in the meantime been identified which will decrease other expenditure line items.

## SECTION 4: PREVIOUS UNRESOLVED LGMTEC FINDINGS

Table 1 provides a summary of the previous LGMTEC findings, the response from the Municipality and the progress to date.

**Table 1: Summary of 2011 LG MTEC findings and progress to date**

| Area | Finding | Action required | Progress |
|---|---|---|---|
| LED Strategy | LED Strategy not updated. Job creation remains a challenge. | Municipality to workshop LED Strategy internally. | The LED Strategy has not been updated. |
| Spatial Development Framework (SDF) | SDF is not updated | It is critical that the municipality finalise the SDF to indicate where investment is to be targeted in the short-medium term. | The municipality has started with the review of the SDF but the process has not been finalised. |
| Debtors levels | The outstanding debtors are of concern. | Implement credit policy | Monitor the implementation of the credit policy. |
| Water Losses and electricity losses | The municipality has recorded water losses of 35.7%. | Research international best practice and develop recommendations for the effective management of water and electricity losses. | No progress. |
| Non-Payment of Creditors | The non-payment of creditors has been raised as a key concern. | Monitor the management of cashflow in the municipality and ensure compliance with the MFMA. | The creditors reporting to-date was not complete, the correct ageing was not reported. |
| Capital Funding | Challenge of Capital Revenue collection | The root cause is unsecured funding and the absence of a policy related to long-term financial planning including capital investment. The municipality's CRR is also depleted. Monitor progress on Capital revenue collection and the implementation of policies. | No progress. |
| Capital spending | Trend in Capex underspending | Monitor progress on capex during year. Identify the blockages in implementation and support the municipal plan. Follow up on business plan and progress of EIA's. | IYM indicates slow spending continues. |
| Operating | Increased pressure on the operating budget. | Monitor collection rates and implementation of the long-term financial plan. | Operating budget still under pressure. |
| Debtors | Debtors Levels | Monitor the implementation of strategies which address effective debtors management. Feedback on progress. | Outstanding debtors are increasing. |
| Credibility of the operating budget | Credibility of the operating budget<br>(11 % increase) | Prioritise supporting the municipality developing an understanding in implementing adequate costing and revenue forecasting. | 10 % increase, issue remains. |
| Water losses | Water losses (35.7 %) | Monitor the implementation of strategies which address water losses. | No progress |

*Source: MTEC findings 2010/11*

The In-Year Monitoring reports and quarterly engagements with the Municipality indicate that the Municipality had not addressed all the previous LG MTEC findings.

socio economic information in its draft 2012/17 IDP, especially with regard to the basic services.

Inaccurate and unreliable information will conspire against enhancing budget performance.

Bitou's economy grew at an annual average rate of 6.3 per cent over the period 2001 to 2009 compared to the Eden District's annual average growth rate of 6.1 per cent.

The effect of the global financial crisis has led to both the Bitou and Eden economies contracting by 1.9 per cent and 1.1 per cent respectively in 2009. The economic growth of Bitou is slowing down because it is largely dependent on the hospitality industry. During the festive season Bitou received a number of European holiday makers and the numbers are continuously on the decline as a result of the economic meltdown.

The economic sectors that contributed the most to Bitou's GVA-R in 2009 were Trade (28.1 per cent), followed by Finance (23.3 per cent), Manufacturing (14.6 per cent), and Construction (13.1 per cent).

In 2007, 17 020 workers were employed across the various economic sectors as follows; wholesale and retail trade (20.5 per cent), construction (17.3 per cent) and manufacturing (10 per cent). The unemployment rate declined from 26.1 per cent in 2001 to 15.7 per cent in 2007.

The municipality is encouraged to explore new approaches to create more job opportunities in order to improve the financial sustainability of the municipality. Job creation will ultimately improve the municipality's revenue base because citizens will be able to pay for municipal services.

### 5.2 Budget & IDP Review Process

The IDP of the Municipality is a compass that guides the municipal development trajectory over the next five years.

The draft IDP of Bitou municipality states that the municipality has seven wards. The municipality reported that a series of public and community workshops were held and the local media was also used to inform the communities about meetings or requesting public comments on the IDP and the Budget.

One of the key objectives of the municipality's IDP is to ensure alignment between national and provincial priorities, policies and strategies as listed below:

National priorities:

## 5.3 Service Delivery Performance and Implementation

### Table 3: Service Delivery Performance

| Household service targets | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 MTREF | | |
|---|---|---|---|---|---|---|---|---|---|
| | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| ***Water:*** | | | | | | | | | |
| Piped water inside dwelling | – | 8 427 | 9 017 | 9 648 | 7 284 | 7 284 | 10 323 | 11 046 | 11 819 |
| Piped water inside yard (but not in dwelling) | – | 5 272 | 5 642 | 6 036 | 4 000 | 4 000 | 6 459 | 6 911 | 7 395 |
| Using public tap (at least min.service level) | – | 243 | 260 | 278 | 1 018 | 1 018 | 298 | 319 | 341 |
| Other water supply (at least min.service level) | – | 996 | 1 065 | 1 140 | 126 | 126 | 1 220 | 1 305 | 1 396 |
| *Minimum Service Level and Above sub-total* | – | 14 938 | 15 984 | 17 102 | 12 428 | 12 428 | 18 300 | 19 581 | 20 951 |
| Other water supply (< min.service level) | – | 150 | 160 | 171 | – | – | 183 | 196 | 210 |
| **Total number of households** | – | 15 087 | 16 144 | 17 274 | 12 428 | 12 428 | 18 483 | 19 777 | 21 161 |
| ***Sanitation/sewerage:*** | | | | | | | | | |
| Flush toilet (connected to sewerage) | 85 | 13 716 | 14 676 | 15 703 | 11 593 | 11 593 | 16 802 | 17 979 | 19 237 |
| Flush toilet (with septic tank) | – | – | – | – | 310 | 310 | – | – | – |
| Pit toilet (ventilated) | 10 | 901 | 964 | 1 032 | 474 | 474 | 1 104 | 1 181 | 1 264 |
| Other toilet provisions (> min.service level) | – | – | – | – | 801 | 801 | – | – | – |
| *Minimum Service Level and Above sub-total* | 95 | 14 617 | 15 640 | 16 735 | 13 178 | 13 178 | 17 906 | 19 160 | 20 501 |
| Bucket toilet | 2 | 167 | 179 | 192 | – | – | 205 | 220 | 235 |
| Other toilet provisions (< min.service level) | 3 | 303 | 325 | 348 | – | – | 372 | 398 | 426 |
| No toilet provisions | – | – | – | – | 173 | 173 | – | – | – |
| *Below Minimum Service Level sub-total* | 5 | 470 | 505 | 540 | 173 | 173 | 578 | 618 | 661 |
| **Total number of households** | 100 | 15 087 | 16 145 | 17 275 | 13 351 | 13 351 | 18 484 | 19 778 | 21 162 |
| ***Energy:*** | | | | | | | | | |
| Electricity (at least min.service level) | – | 1 359 | 1 455 | 1 556 | 4 695 | 4 695 | 1 665 | 1 782 | 1 907 |
| Electricity - prepaid (min.service level) | – | 10 428 | 11 158 | 11 939 | 6 798 | 6 798 | 12 775 | 13 669 | 14 626 |
| *Minimum Service Level and Above sub-total* | – | 11 787 | 12 612 | 13 495 | 11 494 | 11 494 | 14 440 | 15 451 | 16 532 |
| Electricity - prepaid (< min. service level) | – | – | – | – | – | – | – | – | – |
| Other energy sources | – | 3 300 | 3 531 | 3 778 | 644 | 644 | 4 043 | 4 326 | 4 629 |
| *Below Minimum Service Level sub-total* | – | 3 300 | 3 531 | 3 778 | 644 | 644 | 4 043 | 4 326 | 4 629 |
| **Total number of households** | – | 15 087 | 16 144 | 17 274 | 12 138 | 12 138 | 18 483 | 19 777 | 21 161 |
| ***Refuse:*** | | | | | | | | | |
| Removed at least once a week | 95 | 14 919 | 15 964 | 17 081 | 11 400 | 11 400 | 18 277 | 19 556 | 20 925 |
| *Minimum Service Level and Above sub-total* | 95 | 14 919 | 15 964 | 17 081 | 11 400 | 11 400 | 18 277 | 19 556 | 20 925 |
| Removed less frequently than once a week | 1 | 123 | 131 | 140 | – | – | 150 | 161 | 172 |
| Using communal refuse dump | – | 0 | 0 | 0 | – | – | 0 | 0 | 1 |
| Using own refuse dump | 4 | 39 | 42 | 44 | – | – | 48 | 51 | 55 |
| No rubbish disposal | – | 6 | 7 | 7 | – | – | 8 | 8 | 9 |
| *Below Minimum Service Level sub-total* | 5 | 168 | 180 | 193 | – | – | 206 | 221 | 236 |
| **Total number of households** | 100 | 15 087 | 16 144 | 17 274 | 11 400 | 11 400 | 18 483 | 19 777 | 21 161 |
| **Households receiving Free Basic Service** | | | | | | | | | |
| Water (6 kilolitres per household per month) | 5 158 | 5 158 | 6 270 | 6 583 | 6 583 | 6 583 | 6 715 | 6 849 | 6 986 |
| Sanitation (free minimum level service) | 1 750 | 1 750 | 2 127 | 2 233 | 2 233 | 2 233 | 2 278 | 2 324 | 2 370 |
| Electricity/other energy (50kwh per household per month) | 3 488 | 3 488 | 4 240 | 4 452 | 4 452 | 4 452 | 4 541 | 4 632 | 4 724 |
| Refuse (removed at least once a week) | 1 750 | 1 750 | 2 127 | 2 233 | 2 233 | 2 233 | 2 278 | 2 324 | 2 370 |
| **Cost of Free Basic Services provided (R'000)** | | | | | | | | | |
| Water (6 kilolitres per household per month) | 1 476 | 1 476 | 1 805 | 1 986 | 1 986 | 1 986 | 1 692 | 1 726 | 1 760 |
| Sanitation (free sanitation service) | 1 242 | 1 242 | 1 523 | 1 676 | 1 676 | 1 676 | 3 110 | 3 362 | 3 601 |
| Electricity/other energy (50kwh per household per month) | 1 999 | 1 999 | 2 689 | 2 958 | 2 958 | 2 958 | 2 125 | 2 168 | 2 211 |
| Refuse (removed once a week) | 1 117 | 1 117 | 1 277 | 1 404 | 1 404 | 1 404 | 4 169 | 4 508 | 4 828 |
| **Total cost of FBS provided (minimum social package)** | 5 833 | 5 833 | 7 294 | 8 023 | 8 023 | 8 023 | 11 096 | 11 763 | 12 400 |
| **Highest level of free service provided** | | | | | | | | | |
| Property rates (R value threshold) | 100 000 | 100 000 | 330 000 | 330 000 | 330 000 | 330 000 | 350 000 | 350 000 | 350 000 |
| Water (kilolitres per household per month) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Sanitation (kilolitres per household per month) | n/a | n/a | n/a | – | – | – | – | – | – |
| Sanitation (Rand per household per month) | 82 | 82 | 106 | 107 | 107 | 107 | 114 | 121 | 127 |
| Electricity (kwh per household per month) | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Refuse (average litres per week) | 240 | 240 | 240 | 358 | 358 | 358 | 153 | 162 | 170 |
| **Revenue cost of free services provided (R'000)** | | | | | | | | | |
| Property rates (R15 000 threshold rebate) | 286 | 286 | 592 | 636 | 636 | 636 | | | |
| Property rates (other exemptions, reducts. and rebates) | 47 | 49 | 52 | 56 | 56 | 56 | 13 540 | 14 352 | 15 070 |
| Water | 1 476 | 1 476 | 1 805 | 2 022 | 2 022 | 2 022 | 197 | 211 | 224 |
| Sanitation | 1 242 | 1 242 | 1 523 | 1 676 | 1 676 | 1 676 | 638 | 638 | 638 |
| Electricity/other energy | 1 999 | 1 999 | 2 689 | 3 254 | 3 254 | 3 254 | 1 716 | 1 905 | 2 116 |
| Refuse | 1 117 | 1 117 | 1 277 | 1 902 | 1 902 | 1 902 | 220 | 220 | 220 |
| **Total revenue cost of free social package)** | 6 165 | 6 168 | 7 938 | 9 545 | 9 545 | 9 545 | 16 311 | 17 326 | 18 267 |

*Source: Table A10, draft Budget*

Open communication channels and interaction exist between the Ward Committee members, the various municipal organisational structures and other interested non-governmental bodies in the Bitou Municipal area.

The municipality also provides transport to committee members and members of the community to ensure full public participation.

**Basic Services**

***Water***

Bitou and other areas in the Eden District have in the past few years experienced the worst drought in over 100 years. The municipality had established a Water Services Authority to ensure efficient, affordable, economic and sustainable access to water services for all consumers and customers in its area of jurisdiction.

**Table 4: Water – Performance: Planned versus Actual delivery**

| Priority | 2010/11 | | 2011/12 | | | |
|---|---|---|---|---|---|---|
| | Annual Report | | SDBIP Q1 | | SDBIP Q2 | |
| | Target | Actual | Target | Actual | Target | Actual |
| Households with agreed service standards - | | | | | | |
| Formal areas | 13 967 | 13 967 | ***7 764*** | ***7 764*** | ***7 764*** | ***9 278*** |
| Informal areas | | | | | | |
| New connections | | | | | | |
| Water quality – Percentage SANS quality (Blue Drop) | | 96% | | | | |

*Source: Annual Report 2010/11, SDBIP 2011/12*

*Access to Water*

In the 2010/11 Annual Report, the Municipality reports that 5489 households have access to water. This does not tie up with the number of 16 967 households in Table A10. The municipality is also requested to explain the drop from 13 967 to 7 764 in the 2010/11 annual report and the midyear report.

It is noted that households living in informal settlements are mostly affected by the lack of potable water. These informal settlements are located in ward 1.

*Water quality*

In 2011, Bitou was part of the top 10 municipalities in South Africa to have received the Blue Drop certification.

households have access to sanitation and again no indication is given on the number of informal households.

Bitou municipality was 2nd in the Top 10 municipalities in South Africa to receive the Green Drop Certification and the best provincial performer in the Western Cape.

The municipality received 95 per cent in the Green Drop certificate category with the Gansevallei and Kurland Sewer Works receiving the Green Drop Excellence award.

The municipality has done well in respect of Water quality and is accordingly commended in this regard.

### *Electricity*

**Table 7: Electricity – Performance: Planned versus Actual delivery**

| Priority | 2010/11 | | 2011/12 | | | |
|---|---|---|---|---|---|---|
| | Annual Report | | SDBIP Q1 | | SDBIP Q2 | |
| | Target | Actual | Target | Actual | Target | Actual |
| Households with agreed service standards | 8 017 | 8 017 | | | | |
| Formal areas | | | 3 782 | *3 782* | 3 782 | *3 782* |
| Informal areas | | | | | | |
| New connections | | | | | | |

*Source: Annual Report 2010/11, SDBIP 2011/12*

*Access to Electricity*

It was reported in the 2010/11 Annual Report, that at the end of June 2011, 8 017 households had access to electricity. In A10 however, the municipality indicates that 12 612 households had access to electricity in 2010/11. The municipality is requested to explain the discrepancy in the figures.

The SDBIP indicates that 3 782 households have access in the formal areas, but no information is given on the rural areas. The numbers in the Annual Report and the SDBIP also does not tie up. The municipality needs to explain the difference in these numbers.

The 2010/11 mid-year report recorded energy losses at 14.1 percent. This outcome was due to electricity theft, street lights that are not metered and which account for 4.7 per cent of the total losses and technical losses due to transmission and distribution of electricity. The municipality has developed an Electrical Demand Management Strategy and the Municipality used the services of Power

**Table 9: Medium Term Revenue and Expenditure Framework: Operating Budget**

| Strategic Objective | 2012/13 Medium Term Revenue & Expenditure Framework | | | Percentage share of capital budget | | |
|---|---|---|---|---|---|---|
| R thousand | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| MUNICIPAL TRANSFORMATION AND ORGANISATION DEVELOPMENT | 36 629 | 38 476 | 40 354 | 10.80 | 10.89 | 10.76 |
| MUNICIPAL FINANCIAL VIABILITY AND | 29 077 | 27 591 | 28 204 | 8.58 | 7.81 | 7.52 |
| PROMOTION OF TOURISM AND LOCAL ECONOMIC DEVELOPMENT | 16 068 | 17 433 | 17 783 | 4.74 | 4.93 | 4.74 |
| GOOD GOVERNANCE AND PUBLIC | 23 130 | 24 212 | 25 358 | 6.82 | 6.85 | 6.76 |
| BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT | 209 463 | 222 999 | 239 607 | 61.78 | 63.11 | 63.89 |
| HUMAN DEVELOPMENT | 24 665 | 22 639 | 23 737 | 7.28 | 6.41 | 6.33 |
| **Total Expenditure** | **339 032** | **353 350** | **375 043** | **100** | **100** | **100** |

*Source: Table SA5: 2012/13 Draft Budget*

The Bitou municipality has made provision for the different IDP Strategic Objectives namely Municipal Transformation and Organisational Development (R36.63 million), Municipal Financial Viability and Management (R29.08 million), Tourism and Local Economic Development (R23.13 million), Basic Service Delivery and Infrastructure Development (R209.46 million) received the biggest share of the operating budget with human development receiving (R24.67 million).

## 5.6 Draft Budget: Responsiveness Assessment

Bitou's budget is informed by the strategic objectives that are listed below:

- Municipal Transformation and Organisation Development
- Municipal Financial Viability and Management;
- Promotion of Tourism and Local Economic Development;
- Good Governance and Public Participation;
- Basic Service Delivery and Infrastructure Development; and
- Human Development

The department of environmental planning and development is currently busy assisting the municipality with the development of a Spatial Development Framework.

### Local Economic Development Strategy

The Annual Report indicates that the municipality has implemented a number of projects to promote local economic development. The municipality also reported that 500 jobs were created through the Extended Public Works Programme.

Bitou is a popular holiday destination and has also become a sought after residential location for retired persons and foreigners. This has been the main contributing factor for the growth that it has experienced over the recent past.

The municipality highlighted the following challenges in respect of LED:

- Lack of communication with regards to promotion and co-operation between business environment and tourism;
- Seasonality of tourism in the area;
- Generally low level of skills regarding pavers, plasterers and bricklayers in area;
- Misdirection of advertising and promotion of tourism in the Bitou area;
- Lack of space and development initiatives aimed at the informal sector; and
- Infrastructure and availability of commercial space in the main trading areas is sufficient; however a number of these spaces are owned by individuals.

### Growth Town Potential of Town Study

The Eden District municipality comprises 35 towns in seven local municipalities namely, Bitou, George, Hessequa, Kannaland, Knysna, Mossel Bay and Oudtshoorn. The Mossel Bay local municipality is the only local municipality with a very high development potential. Bitou and Kannaland have medium municipal growth potential whilst George, Hessequa, Knysna and Oudtshoorn all have high municipal growth potential.

**Table 12: Comparison between 2004 and 2010 development potential and social needs**

| Table E-4 Comparison between 2004 and 2010 development potential and social needs categories Settlement | 2010 Development potential category | 2004 Development potential category | Difference in development potential category | 2010 Social needs category | 2004 Social needs category | Difference in social need |
|---|---|---|---|---|---|---|
| Plettenberg Bay | High | High | 0 | Medium | High | -1 |

## 5.9 Key Issues and Recommendations for Responsiveness

***Indicate linkages to other sections***

The economy has shown steady growth between 2001 and 2009, growing at an annual average rate of 6.3 per cent.

Unemployment seems to be on the declining trend, declining from 26.1 per cent in 2001 to a 15.7 per cent in 2007. Although this is positive for the ability of households/ individuals to pay for services and the overall sustainability of the town, the latest statistics is not available yet.

The municipality has performed well with respect to the delivery of services to its residents.

The outdated LED strategy poses a challenge with respect to the municipality's ability to diversify the economy particularly in the post-recession period.

Comment:

The amount "R25.79 million depreciation" refers to the 2014/2015 year and not to an average. The average is R 22.972 million. This depreciation charges is linked to the current asset register and the capital program. It cannot be manipulated because then it will then at financial year end result in over expenditure of Votes; which will be classified as unauthorised expenditure.

The total capital budget is projected to decrease by R34.81 million or 64.9 per cent against an adjusted budget of R53.68 million in 2011/12. The reduction in the budget for 2012/13 financial year is mainly due to the Council's current cash flow constraints.

## 6.2 Operating Revenue

The Provincial Treasury conducted a review of the municipality's actual performance in terms of the operating revenue results that was included in the audited financial statements as 'Appendix F'. In this regard a set of ratio analysis were prepared to assist with the review and the results are discussed below.

### Actual Service Charges + Property Rates Revenue vs Budgeted Service Charges + Property rates

**Table 14: Ratio 1: Actual Service Charges + Property Rates Revenue vs Budgeted Service Charges + Property rates**

| Description | 07/08 Audited Outcome R'000 | 08/09 Audited Outcome R'000 | % Growth | 09/10 Audited Outcome R'000 | % Growth | 10/11 Audited Outcome R'000 | % Growth |
|---|---|---|---|---|---|---|---|
| ACTUAL SERVICE FEES & PROPERTY RATES v BUDGET | | | | | | | |
| (A) Actual Service and Property Rates | 135 524 | 150 046 | 10.72% | 173 119 | 15.38% | 201 393 | 16.33% |
| (B) Budgeted Service and Property Rates | 135 604 | 152 694 | 12.60% | 176 508 | 15.60% | 207 568 | 17.60% |
| **(C) Variance (R'000) A-B** | **-80** | **-2 648** | 3210.00% | **-3 389** | 27.98% | **-6 175** | 82.21% |
| **Variance (%) C/B** | **-0.06%** | **-1.73%** | 2839.53% | **-1.92%** | 10.72% | **-2.97%** | 54.94% |

*Source: AFS: Statement of Financial Performance and Appendix D*

The ratio results are well within the National Treasury norm of 5 per cent, however the Municipality needs to guard against the year on year increase in the variance.

The small variance could be an indication of how well the municipality is preparing the annual budget and it enhances the credibility of the budget.

the budget and to remain as far as possible within the fiscal parameters. Furthermore, the historical errors of past budgets have impacted on the new proposed tariffs which were discounted for in this budget as a correction of unrealistic tariffs in the past.

The municipality intend to review the rebates for property rates levied on agricultural land to be applicable only for bona-fide farmers outside the existing or future urban edge. Council's existing Property Rates Policy will be amended if it is in conflict with the envisaged changes to disallow rebates.

The final draft of the property rates policy incorporate the property of overnight facilities and guest houses known as Accommodation Establishments as non-residential property and is levied accordingly.

The total outstanding debtors for property rates indicate an amount of R16.68 million and has increased year-on-year by 17.4 per cent from February 2011. This raises doubt whether the proposed 16.2 per increase in the tariff is affordable.

***Service Charges: Electricity***

The estimated revenue from Service Charges – Electricity constitutes 28.2 per cent of the total operating revenue budget for 2012/13 and is the largest operating income source to the municipality, indicating that the municipality is highly dependent on this revenue stream.

The total estimated revenue from electricity sales will increase by 8 per cent in 2012/13, which can mainly be attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The tariff is adjusted upwards by 11.03 per cent in 2012/13 as prescribed by NERSA.

A new block tariff system will be applicable as from 1 July 2012. This is a compulsory prescription and it is aimed on consumers using higher than normal volumes of electricity units to be charged higher tariffs. No other major structural changes or volume changes were observed in the draft budget documentation.

Concern is expressed in respect of consumer debtors for electricity which indicated a year-on-year increase of 13.5 per cent from February 2011. Furthermore, as per the section 71 reports as at February 2012, the year-to-date performance is at 62.6 per cent which is below the year-to-date projections. This could be an indication that the municipality might not realise the anticipated revenue over the MTREF.

In addition, prepaid electricity constitutes 61.4 per cent of the total electricity consumption indicating that the municipality has adequate control over the related

The Auditor-General in its report emphasised the matter of water losses for 2010/11 to be regarded as material since a significant 36.4 per cent loss was reported. This is an indication that management control over water debt and water loss is lacking.

Furthermore, this could also be an indication that the municipality is proposing unrealistically high tariff increases.

**Table 17: Ratio 3 - Units of water lost in distribution**

| Description | 07/08 Audited Outcome R'000 | 08/09 Audited Outcome R'000 | % Growth | 09/10 Audited Outcome R'000 | % Growth | 10/11 Audited Outcome R'000 | % Growth |
|---|---|---|---|---|---|---|---|
| % OF WATER LOSSES IN UNITS OF KILOLITRES | | | | | | | |
| (A) Total units of water lost | 988 | 1 226 | 24.09% | 1 014 | -17.29% | 952 | -6.11% |
| (B) Total units of water bought | 3 430 | 3 366 | -1.87% | 2 835 | -15.78% | 2 615 | -7.76% |
| % (A/B) | **28.80%** | **36.42%** | 26.45% | **35.77%** | -1.80% | **36.41%** | 1.78% |

*Source: Bitou Municipality AFS: Note 42.4 or Enquiry from the Municipality*

The ratio remains significantly high and is not within the acceptable norm to not exceed 14 – 16 per cent.

**Findings**

The cost which the Municipality considered fruitless expenditure per Note 42.4 of the AFS amounts to R1.85 million which under the current financial circumstances of the municipality is considered significant and crucial to be considered under the financial recovery plan of the municipality.

The water distribution losses remain a challenge for the Municipality.

***Service Charges: Sanitation (or Sewerage)***

The estimated revenue from Service Charges – Sanitation constitutes R31.74 million or 9.5 per cent of the total operating revenue budget for 2012/13. The projected increases are informed by a 16.2 per cent tariff increase for 2012/13.

The tariff increase far exceeds the 5.9 per cent recommended headline CPI inflation and concern is expressed whether the municipality reviewed the level and structure of their water and sanitation tariffs carefully to ensure the tariffs are on aggregate fully cost-reflective but affordable to the community.

No major structural changes or volume changes were observed in the draft budget documentation. The municipality is advised to indicate the contributing factors and assumptions that informed the significant tariff increase for 2012/13.

Comment:

The paragraph above is incorrect. The amounts of the Town planning are R 48,000 and R 720,000 and not R 48 million or R720 million. The excessive increase is due to a relook of the fees structure and not based on an expected hike in development.

The increase from R4.4 million to R11.9 million is the caused by the sale of land; not classified as PPE and therefore not included in gain on disposal of PPE; but included as other revenue to the value of R 11 million; excluding this the "other revenue" actually decreases. If necessary the remaining other revenue can be split as well; the amounts are immaterial.

***Recommendations: Operating Revenue***

Tariff Increases: National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality.

Deficit Budget: Over the medium term, the municipality should budget for a moderate surplus on its Budgeted Statement of Financial Performance so as to be able to contribute to the funding of the Capital Budget.

Comment:

In order to budget for a moderate surplus it would have meant even more detrimental tariff increases. Bitou accept the fact that high tariff increases is not the correct way to go but with the limited time in order to rectify the cash flow it was the best option to increase tariffs above the inflation outlook and increase the debt impairment at least to current collection rate levels. If the deficit had to be rectified in the 2012/2013 budget year; the required increase on Property rates and other service charges would be 15.3% on top of the 16.2% already included.

## 6.4 Total Outstanding Debtors

**Table 19: Outstanding Debtors as at 29 February 2012**

| CATEGORY | Feb 2012 | | Month-on-Month | | Jan 2012 | | Year-on-Year | | Feb 2011 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Amount R'000' | % | Amount R'000' | % | Amount R'000' | % | Amount R'000' | % | Amount R'000' | % |
| **Bitou** | **70 102** | **100** | **822** | **1.2** | **69 280** | **99** | **9 737** | 16.4 | **59 543** | **100** |
| 0-30 days | 20 293 | 28.9 | 0 | - | 20 293 | 28.9 | 751 | 3.8 | 19 542 | 32.8 |
| 31-60 days | 5 779 | 8.2 | 0 | - | 5 779 | 8.2 | 2 846 | 14.6 | 2 933 | 4.9 |
| 61-90 days | 3 460 | 4.9 | 732 | 26.8 | 2 728 | 3.9 | 8 | 0.0 | 3 452 | 5.8 |
| >90 days | 40 480 | 57.7 | 0 | - | 40 480 | 57.7 | 6 864 | 20.4 | 33 616 | 56.5 |
| Government | 245 | 0.3 | 0 | - | 245 | 0.3 | -148 | -0.8 | 393 | 0.7 |
| Business | 7 404 | 10.6 | 0 | - | 7 404 | 10.6 | 1 078 | 5.5 | 6 326 | 10.6 |
| Households | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - |
| Other | 62 363 | 89.0 | 732 | 1.2 | 61 631 | 87.9 | 9 539 | 48.8 | 52 824 | 88.7 |
| Water | 26 716 | 38.1 | 1 033 | 4.0 | 25 683 | 36.6 | 13 771 | 70.5 | 12 945 | 21.7 |
| Electricity | 12 090 | 17.2 | 66 | 0.5 | 12 024 | 17.2 | 2 632 | 13.5 | 9 458 | 15.9 |
| Property Rates | 16 677 | 23.8 | -367 | -2.2 | 17 044 | 24.3 | 1 846 | 9.4 | 14 831 | 24.9 |
| RSC Levies | | - | - | - | | - | - | - | | - |
| Other | 14 619 | 20.9 | 90 | 0.6 | 14 529 | 20.7 | -7 690 | -39.4 | 22 309 | 37.5 |
| **TOTAL** | **70 102** | **100** | **822** | **1.2** | **69 280** | **100** | **9 737** | **16.4** | **59 543** | **100** |

*Source: National Treasury Database Debtors Age Analysis Feb 2012*

The total outstanding debtors increased year-on-year by 16.4 per cent.

### Findings

The total outstanding debtors as at 29 February 2012 amounts to R70.10 million and had increased by R9.74 million from February 2011. Outstanding debtors over 90 days account for 57.7 per cent of total outstanding debtors and had increased by 20.4 per cent year-on-year.

The municipality did not indicate the debt owed by households separately.

A further concern is the significant increase in debtors for water, as mentioned earlier in the report. The municipality indicated that they are experiencing problems with illegal connections of water and established a risk management team to provide hands-on support to the affected areas in the municipality.

The debtor's collection function is currently outsourced to a service provider.

The municipality should vigorously enforce its credit control policies and obtain political support if required.

Futhermore, the municipality is encouraged to review the performance agreement with the service provider responsible for collecting outstanding debtors and improve stricter reporting, monitoring and collection procedures.The Municipality is encouraged to continually review is debtors' book to ensure that all long outstanding debtors are fairly valued and provided for.

## 6.5 Operating Expenditure

The Provincial Treasury conducted a review of the municipality's actual performance in terms of the operating expenditure results that was included in the audited financial statements as 'Appendix F'. A set of ratio analysis were prepared to assist with the review and the results are discussed below.

### Actual Operating Expenditure vs Budgeted Operating Expenditure

**Table 21: Ratio 6 - Actual Operating Expenditure vs Budgeted Operating Expenditure**

| Description | 07/08 Audited Outcome R'000 | 08/09 Audited Outcome R'000 | % Growth | 09/10 Audited Outcome R'000 | % Growth | 10/11 Audited Outcome R'000 | % Growth |
|---|---|---|---|---|---|---|---|
| RATIOS RELATED TO EXPENDITURE MANAGEMENT | | | | | | | |
| (A) Total Actual Expenditure | 174 422 | 228 840 | 31.20% | 271 432 | 18.61% | 303 707 | 11.89% |
| (B) Total Budgeted Expenditure | 168 666 | 226 577 | 34.33% | 259 629 | 14.59% | 282 355 | - 8.75% |
| **(C) Variance (R'000) A-B** | **5 756** | **2 263** | -60.68% | **11 803** | 421.56% | **21 352** | 80.90% |
| **Variance (%) C/B** | **3.41%** | **1.00%** | -70.73% | **4.55%** | 355.17% | **7.56%** | 66.34% |

*Source: Bitou Municipality AFS: Appendix D(1) and Statement of Financial Performance.*

The municipality exceeded the budget in each of the past four years. The ratio analysis indicates that the Municipality is not within the guidelines by the National Treasury that the variance between actual and budgeted operating expenditure should not exceed 5 per cent. Furthermore, actual expenditure may not exceed the budgeted expenditure.

### Findings

The analysis indicates that the ratio shown an upward trend from 3.4 per cent to 7.6 per cent over-expending in 2007/08 to 2010/11 financial years respectively. The Municipality has over-spent its budget by R11.80 million and R21.35 million in 2009/10 and 2010/11 financial years respectively.

The main reasons for variances per line items in which over-expenditure in excess of 5 per cent occurred were: (and explained in Appendix D(1)):

**Findings**

***Employee Cost***

Total Employee related costs constitutes 32.3 per cent of the total 2012/13 operating expenditure budget and indicates a year-on-year increase of 14.2 per cent from the adjusted budget in 2011/12. Over the 2012/13 MTREF the average employee cost growth is at 8 per cent which is informed by a 5 per cent adjustment in salaries. The councillor remuneration also increase by 17.8 per cent from R3.71 million in 2011/12 to R4.37 million in the 2012/13 financial year.

The organisational structure is in the process of being reviewed and will be finalised by June 2012. The municipality has a high vacancy rate in the senior management position with particularly reference to the Municipal Manager and Chief Financial Officer positions. This has raised concern as vacancies or instability in these positions can pose a serious risk to the implementation of the budget.

It is noted that the amounts per the supporting document SA1, indicates that the total employee related cost amount to R109.63 million and do not reconcile to the R101.53 million indicated in the budget schedule A4.

Comment:

The comment is not correct, the two sheets do reconcile. An incorrect amount of Table A4 was used to compare to SA1, the full year forecast/audited outcome amount was used for the comparison to the 2012/2013 budget. instead of the 2012/2013 budgeted figure.

**Table 23: Ratio 6 – Employee Related Costs as % of Total Operating Expenditure**

| Description | 07/08 Audited Outcome R'000 | 08/09 Audited Outcome R'000 | % Growth | 09/10 Audited Outcome R'000 | % Growth | 10/11 Audited Outcome R'000 | % Growth |
|---|---|---|---|---|---|---|---|
| RATIOS RELATED TO EXPENDITURE MANAGEMENT | | | | | | | |
| (A) Employee Cost | 58 564 | 77 066 | 31.59% | 92 649 | 20.22% | 105 151 | 13.49% |
| (B) Total Actual Expenditure | 174 422 | 228 840 | 31.20% | 271 432 | 18.61% | 303 707 | 11.89% |
| % (A/B) | **33.58%** | **33.68%** | 0.30% | **34.13%** | 1.36% | **34.62%** | 1.43% |

*Source:AFS: Appendix D(1) and Statement of Financial Performance.*

In the absence of an acceptable norm for this ratio, trend analysis will be used as a basis of analysing and interpreting this ratio.

### Bulk purchases

Bulk Purchases constitutes 21.7 per cent of the total operating expenditure budget for 2012/13 and is regarded as a significant component of the total operating expenditure. The projected growth over the MTREF is 13 per cent in each year which is mainly attributed to the price of bulk electricity purchased from Eskom.

The municipality had set the increase in electricity tariffs at 11.03 per cent in accordance with the NERSA guidelines.

During the year the municipality adjusted the budget downwards to accommodate a decline in consumption in which the municipality should keep in mind with the projections for the new MTREF.

### Contracted Services

Contracted services will decrease by 2 per cent in 2012/13 and the average negative growth over the MTREF is projected at -1 per cent. To note is that the municipality is still reliant on consultants as this expenditure is projected to grow by 22 per cent in 2012/13.

### Other general expenditure

Notable downward projections are noted in other expenditure which has decreased by 10.7 per cent in 2012/13 and a zero growth projected for 2013/14. The largest reductions are noted for expenses related to Electrical Supply (-100 per cent), Mayoral Intervention (-44 per cent), Legal Expenses (-42 per cent) and Insurance (-34 per cent).

### Repairs and Maintenance and Depreciation

**Table 24: Ratio 7 – Repairs and Maintenance as % of Total Carrying value of PPE**

| Description | 07/08 | 08/09 | % Growth | 09/10 | % Growth | 10/11 | % Growth |
|---|---|---|---|---|---|---|---|
| | Audited Outcome | Audited Outcome | | Audited Outcome | | Audited Outcome | |
| | R'000 | R'000 | | R'000 | | R'000 | |
| RATIOS RELATED TO ASSET MANAGEMENT | | | | | | | |
| (A) Repairs and Maintenance | 7 647 | 9 182 | 20.07% | 16 915 | 84.22% | 14 793 | -12.55% |
| (B) Carrying value of PPE | 167 209 | 218 303 | 30.56% | 441 017 | 102.02% | 524 193 | 18.86% |
| **% (A/B)** | **4.57%** | **4.21%** | -8.03% | **3.84%** | -8.81% | **2.82%** | -26.42% |

*Source:AFS: Statement of Financial Performance, Statement of Financial Position and Appendix D*

The ratio is significantly outside the norm of 12 per cent,indicating that the Municipality might not be spending adequate funds on repairs and maintenance.

Challenge

Direct cost

- Some cost is not properly allocated to ring fenced and specific cost centres for instance contribution to post retirement benefits is in total allocated to Office of the Mayor and a lot of these type of allocations is not properly allocated.

Indirect cost

- No entries is passed currently;
- Support services cost must as far as possible be allocated based on ABC (Activity Based Costing identify cost drivers and allocate accordingly); or
- Use general principles to allocate where cost drivers is not easily available

This is very important for a proper tariff structure and in order to comply with the principles set out Sect 74 of the Systems Act.

Vacancies: It is recommended that the municipality expedite the processes to appoint the Municipal Manager and Chief Financial Officer to enhance the financial and strategic management of the municipality.

Consultants: The municipality is encouraged to review the projected growth for consultancy fees and its reliance thereof and institute processes to ensure the skills transfer to its own officials to reduce operating expenditure and enhance management control.

Comment:

This relates to the challenge of proper allocation of cost. Consultant fees should be allocated to other expenditure but due to the fact that in Bitou a major portion relates to contracted services the full amount is currently allocated to contracted services. In some instances normal operational cost has been allocated to an account called "Consultant fees". For instance Valuation fees and the transfer station operational cost. As mentioned above in order to make meaningful assumptions the proper allocation and classification of cost first needs to be rectified.

## Actual Acquisition of PPE against the Budget

**Table 25: Ratio 8 – Actual Acquisition of PPE against the Budget**

| Description | 07/08 | 08/09 | % Growth | 09/10 | % Growth | 10/11 | % Growth |
|---|---|---|---|---|---|---|---|
| | Audited Outcome | Audited Outcome | | Audited Outcome | | Audited Outcome | |
| | R'000 | R'000 | | R'000 | | R'000 | |
| RATIOS RELATED TO ASSET MANAGEMENT | | | | | | | |
| (A) Actual Acquistion of PPE | 54 526 | 70 143 | 28.64% | 107 775 | 53.65% | 104 193 | -3.32% |
| (B) Budgeted Acquisition of PPE | 71 309 | 67 935 | -4.73% | 129 732 | 90.96% | 136 670 | 5.35% |
| **(C) Variance (R'000) A-B** | **-16 783** | **2 208** | -113.16% | **-21 957** | -1094.43% | **-32 477** | 47.91% |

*Source:AFS: Statement of Financial Performance, Statement of Financial Position and Appendix D*

The ratio is significantly outside the National Treasury norm of 5 per cent.

### *Findings*

The ratio weakened from 16.9 per cent in 2009/10 to 23.8 per cent under-expenditure in the 2010/11 financial year.

The main reasons for variance per line items in excess of 5 per cent and (explanations are provided in Appendix D:

- Community and Social Services: Under-spent the budget by 95.6 per cent (R9.70 million) due to the central library project not progressing as planned.
- Housing: Under-spent the budget by 64.7 per cent (R23.96 million) due to the purchase transaction for additional land not being included at year-end.

Overall ratio result indicates that the Municipality is struggling to spend its total capital budget and that the budget was not credible in term of capital expenditure.

**Internally generated funds**

During the 2011/12 financial year the original budget was adjusted upwards from R9.20 million to R9.94 million and is projected to decrease to R3.5 million in 2012/13. The main reason of the decrease is as a result of cash flow constraints experienced by the municipality that placed pressure on the Capital Replacement Reserve (CRR).

The Annual Financial Statements as at 30 June 2011 reported a significant deterioration in the Capital Replacement Reserve (CRR).

The municipality has made provision for own funds to increase to R8.5 million in 2014/15 but this will only realise if the potential selling of land occurs.

The 2012/13 MTREF budget is silent as to how the municipality plans to make contributions to the CRR in order to build and sustain the reserve to provide for an appropriate level of cash backing for the replacement of assets.

**Borrowings**

No borrowings were projected over the 2012/13 MTREF due to affordability which indicates that the municipality is heavily reliant on Government funding towards capital projects.

**Recommendations: Capital Revenue**

The municipality's capital replacement reserve must reflect the accumulated provision of internally generated funds designated to replace aging assets – it must therefore be fully cash-backed. In this regard the municipality needs to develop a policy providing for ***an appropriate level of cash-backing in its capital replacement reserve*** for the replacement of assets.

The municipality has planned complete reliance on national and provincial conditional grants and have planned nothing or very little from their own revenues to the funding of infrastructure within the municipality. To change this, the Bitou Municipality needs to explore ways in which their own revenue contribution to funding their capital budget can be increased.

## 6.9 Total Capital Expenditure

**Table 27: Total Capital Expenditure**

| Vote Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | | % Growth rates: 2012/13 MTREF (Nominal) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | YTD Actual (Feb 2012) | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 | 2011/12-2012/13 (Year on | 2012/13-2013/14 (Year on Year) | 2013/14-2014/15 (Year on Year) | *2011/12 - 2014/15 (For the Period)* |
| Capital Expenditure - Standard | | | | | | | | | | | | | |
| ***Governance and administration*** | 11 304 | 1 190 | 956 | 410 | 3 510 | 43 | 3 500 | - | - | 0% | -100% | - | *-100%* |
| Executive and council | 989 | 174 | 140 | 60 | 60 | 27 | - | - | - | -100% | - | - | *-100%* |
| Budget and treasury office | 10 315 | 87 | 70 | 30 | 270 | | - | - | - | -100% | - | - | *-100%* |
| Corporate services | - | 929 | 746 | 320 | 3 180 | 16 | 3 500 | - | - | 10% | -100% | - | *-100%* |
| ***Community and public safety*** | 1 806 | 23 214 | 18 652 | 8 000 | 22 893 | 7 078 | - | 630 | 100 | -100% | - | -84% | *-84%* |
| Community and social services | 584 | 11 607 | 9 326 | 4 000 | 9 957 | 6 106 | - | 50 | - | -100% | - | -100% | *-100%* |
| Sport and recreation | 1 100 | 5 804 | 4 663 | 2 000 | 5 000 | | - | 200 | 100 | -100% | - | -50% | *-73%* |
| Public safety | 79 | - | - | - | 815 | 723 | - | 200 | - | -100% | - | -100% | *-100%* |
| Housing | 43 | 5 804 | 4 663 | 2 000 | 7 121 | 249 | - | 180 | - | -100% | - | -100% | *-100%* |
| Health | - | - | - | - | - | | - | - | - | - | - | - | - |
| ***Economic and environmental servic*** | 15 211 | 33 632 | 27 022 | 11 590 | 11 326 | 6 417 | 2 213 | 15 200 | 7 888 | -80% | 587% | -48% | *-11%* |
| Planning and development | 47 | 261 | 210 | 90 | 90 | | - | - | 250 | -100% | - | - | *41%* |
| Road transport | 15 164 | 33 371 | 26 812 | 11 500 | 11 236 | 6 417 | 2 213 | 15 200 | 7 638 | -80% | 587% | -50% | *-12%* |
| Environmental protection | - | - | - | - | - | | - | - | - | - | - | - | - |
| ***Trading services*** | 41 787 | 69 878 | 56 145 | 24 081 | 15 952 | 6 013 | 13 155 | 17 359 | 26 653 | -18% | 32% | 54% | *19%* |
| Electricity | 14 534 | 22 054 | 17 720 | 7 600 | 4 383 | 1 046 | 500 | 1 200 | 4 600 | -89% | 140% | 283% | *2%* |
| Water | 18 573 | 20 548 | 16 509 | 7 081 | 7 169 | 4 765 | 7 655 | 12 959 | 18 653 | 7% | 69% | 44% | *38%* |
| Waste water management | 8 303 | 2 612 | 2 098 | 900 | 900 | 11 | - | 3 000 | 1 500 | -100% | - | -50% | *19%* |
| Waste management | 377 | 24 665 | 19 818 | 8 500 | 3 500 | 190 | 5 000 | 200 | 1 900 | 43% | -96% | 850% | *-18%* |
| *Other* | 35 | - | - | - | - | | - | - | - | - | - | - | - |
| Total Capital Expenditure - Standard | 70 143 | 127 915 | 102 776 | 44 081 | 53 680 | 19 551 | 18 868 | 33 189 | 34 641 | -65% | 76% | 4% | *-14%* |

*Source: 2012/13 Budget; A-Schedules'A5 & IYM Feb 2012*

The total capital budget for 2012/13 decreases by R34.81 million or 64.9 per cent from the adjusted budget of 2011/12 financial year as a result of a decline in Capital Replacement Reserve and cash flow constraints experienced by the Municipality.

Based on the in-year performance as at February 2012, the municipality spent to-date 36.4 per cent of the adjusted capital budget. Should this trend continue, the concern is that the municipality may not spend the full budget by year-end.

In the Auditors report of 2010/11, it was reported that the municipality has under spent its capital budget by 28 per cent. The under spending related to the delivery in terms of housing as the transaction for the purchase of additional land was not yet concluded at year-end although an amount has already been committed to this land.

A large portion of the capital budget is allocated to service delivery related projects with only R3.5 million allocated to corporate services.

## In-Year Cash Flow Overview: February 2012

**Table 28: Cash Receipts and Payments**

| | Original Budget | Adjusted Budget | Actuals YTD | % | Actual Quarter 1 July - Sept | Actual Quarter 2 Oct - Dec | Actual Month 8 February |
|---|---|---|---|---|---|---|---|
| **Cash receipts by source** | | | | | | | |
| Statutory receipts (including VAT) | 77 616 | 70 500 | 51 835 | 73.5 | 27 705 | 15 245 | 4 571 |
| Service charges | 170 791 | 159 339 | 107 013 | 67.2 | 37 950 | 40 591 | 14 804 |
| Transfers (operational and capital) | 72 676 | 74 539 | 59 506 | 79.8 | 34 346 | 22 950 | |
| Other receipts | 18 362 | 21 550 | 20 018 | 92.9 | 4 752 | 10 293 | 2 539 |
| **Cash receipts by source** | **339 445** | **325 928** | **238 372** | **73.1** | **104 753** | **89 079** | **21 914** |
| Other cash flows/receipts by source | | | | | | | |
| Contributions recognised - capital & contributed assets | | | | | | | |
| Proceeds on disposal of PPE | | 404 | | | | | |
| External loans | 12 800 | 7 095 | 15 000 | 211.4 | | 15 000 | |
| Net increase (decrease) in assets/liabilities | 65 | 65 | -4 182 | -6 433.8 | -872 | -5 000 | 1 690 |
| **Total cash receipts by source** | **352 310** | **333 492** | **249 190** | **74.7** | **103 881** | **99 079** | **23 604** |
| **Cash payments by type** | | | | | | | |
| Employee related costs | 110 457 | 99 701 | 65 394 | 65.6 | 24 667 | 24 053 | 11 048 |
| Grant and subsidies | 22 530 | 22 824 | 2 382 | 10.4 | 743 | 974 | 349 |
| Bulk Purchases - electricity, water and | 65 758 | 65 096 | 50 100 | 77.0 | 22 371 | 12 621 | 4 686 |
| Other payments to service providers | 84 533 | 83 441 | 100 193 | 120.1 | 48 584 | 47 004 | 3 627 |
| **Cash payments by type** | **283 278** | **271 062** | **218 069** | **80.4** | **96 365** | **84 652** | **19 710** |
| Other cash flows/payments by type | | | | | | | |
| Capital assets | 44 081 | 53 680 | 19 551 | 36.4 | 5 810 | 9 389 | 3 539 |
| Repayment of borrowing | 5 590 | 8 092 | 10 456 | 129.2 | 7 463 | 2 993 | |
| Other cash flows/payments | | | 1 081 | | 460 | 404 | 123 |
| **Total cash payments by type** | **332 949** | **332 834** | **249 157** | **74.9** | **110 098** | **97 438** | **23 372** |
| **Net increase (decrease) in cash held** | **19 361** | **658** | **33** | **5.0** | **-6 217** | **1 641** | **232** |
| Cash/cash equivalents at the month/year begin | 6 536 | 6 536 | 6 536 | | 6 536 | 317 | 6 337 |
| Cash/cash equivalents at the month/year end | 25 897 | 7 192 | 6 569 | | 317 | 1 957 | 6 569 |

*Source: National Treasury Database, February 2012*

The municipality's year-to-date net increase in cash held is decreasing which poses a risk for the future cash flow position of the Municipality. The cash receipts by source show a drastic decline in the first quarter. The cash/cash equivalents for the second quarter were positive as the Municipality had taken up an external loan of R15 million. A serious cash management strategy is required as well as the effective implementation of the credit control and other policies to ensure the cash position remain stable in the current financial year and for the 2012/13 MTREF period.

### Risk Assessment

#### *Liquidity Risk*

In February 2012 the municipality increased total cash & cash equivalents to R6.57 million which has slightly reduced the liquidity risk of the municipality.

## Cash Flow Summary 2012/13 MTREF

### Table 31: Cash Flow

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Ratepayers and other | 215 710 | 181 006 | 223 856 | 277 832 | 223 456 | 236 206 | 267 999 | 279 250 | 303 208 |
| Government - operating | – | 62 329 | 46 392 | 40 595 | 42 693 | 42 763 | 46 231 | 40 771 | 43 844 |
| Government - capital | – | 24 910 | 61 215 | 32 081 | 31 845 | 31 845 | 15 368 | 31 459 | 26 091 |
| Interest | 6 614 | 3 917 | 1 184 | 620 | 482 | 647 | 506 | 531 | 558 |
| Dividends | – | – | – | – | – | – | – | – | – |
| Payments | | | | | | | | | |
| Suppliers and employees | (179 732) | (220 797) | (233 285) | (292 396) | (308 087) | (294 992) | (280 021) | (293 846) | (315 284) |
| Finance charges | (4 274) | (7 604) | (10 496) | (11 050) | (11 967) | (13 072) | (14 207) | (13 159) | (12 042) |
| Transfers and Grants | – | – | – | – | – | – | – | – | – |
| NET CASH FROM/(USED) OPERATING ACTIVITI | 38 317 | 43 760 | 88 865 | 47 682 | (21 576) | 3 398 | 35 876 | 45 006 | 46 375 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Proceeds on disposal of PPE | 656 | 321 | 2 815 | – | 404 | – | – | – | – |
| Decrease (Increase) in non-current debtors | – | – | – | – | – | – | – | – | – |
| Decrease (increase) other non-current receivables | 593 | 269 | 88 | 109 | 75 | 60 | 70 | 75 | 45 |
| Decrease (increase) in non-current investments | 302 | (303) | (302) | (318) | – | – | – | – | – |
| Payments | | | | | | | | | |
| Capital assets | (70 143) | (108 608) | (104 221) | (44 081) | (53 680) | (53 680) | (18 868) | (33 189) | (34 641) |
| NET CASH FROM/(USED) INVESTING ACTIVITIE | (68 593) | (108 321) | (101 622) | (44 290) | (53 201) | (53 620) | (18 798) | (33 114) | (34 596) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Short term loans | – | – | – | – | – | – | – | – | – |
| Borrowing long term/refinancing | 34 192 | 27 193 | 19 084 | 5 000 | 30 000 | 30 000 | – | – | – |
| Increase (decrease) in consumer deposits | 161 | 296 | 334 | 310 | 300 | 300 | 321 | 343 | 367 |
| Payments | | | | | | | | | |
| Repayment of borrowing | (2 989) | (4 157) | (6 582) | (6 723) | (7 851) | (8 091) | (9 759) | (10 646) | (10 530) |
| NET CASH FROM/(USED) FINANCING ACTIVITIE | 31 365 | 23 331 | 12 836 | (1 413) | 22 449 | 22 208 | (9 438) | (10 303) | (10 163) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 1 090 | (41 229) | 80 | 1 979 | (52 329) | (28 014) | 7 639 | 1 589 | 1 615 |
| Cash/cash equivalents at the year begin: | 56 744 | 57 833 | 16 604 | 16 684 | 16 684 | 16 684 | (11 330) | (3 691) | (2 102) |
| Cash/cash equivalents at the year end: | 57 833 | 16 604 | 16 684 | 18 662 | (35 645) | (11 330) | (3 691) | (2 102) | (486) |

*Source: 2012/13 Draft Schedule A7*

The audited outcome for the 2009/10 financial year indicates a net decrease in cash held and therefore a decline in the cash surpluses over the MTREF.

The municipality is projecting a negative average cash and cash equivalents of R2.09 million over the 2012/13 MTREF.

**The Rate Payers and Other-**Cash inflows of R267.99 million on the budget Table A7 cash flow schedule is not reconciling with the R283.39 million stated on the SA30 supporting schedule. A significant variance of R15.40 million is noted.

Comment:

The figures used by Province do not reconcile with the submitted Table A7 and SA 30. There is no variance between the two tables.

## Monthly Cash Inflow and Outflow

### Table 32: Monthly Cash inflow and Outflow: 2012/13 MTREF

| MONTHLY CASH FLOWS | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| **Cash Receipts By Source** | | | | | | | | | | | | | | | |
| Property rates | 4 896 | 4 896 | 18 361 | 4 896 | 4 896 | 4 896 | 4 896 | 4 896 | 4 896 | 4 896 | 4 896 | 6 120 | 73 443 | 78 793 | 83 725 |
| Property rates - penalties & collection charges | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 1 328 | 1 633 | 1 948 |
| Service charges - electricity revenue | 6 609 | 7 117 | 7 710 | 7 710 | 7 710 | 7 710 | 6 609 | 7 117 | 7 710 | 7 710 | 7 710 | 11 099 | 92 520 | 102 992 | 114 649 |
| Service charges - water revenue | 2 141 | 2 305 | 2 497 | 2 497 | 2 497 | 2 497 | 2 141 | 2 305 | 2 497 | 2 497 | 2 497 | 3 595 | 29 970 | 31 606 | 33 016 |
| Service charges - sanitation revenue | 2 321 | 2 321 | 2 321 | 2 321 | 2 321 | 2 321 | 2 321 | 2 321 | 2 321 | 2 321 | 2 321 | 2 321 | 27 852 | 29 904 | 33 027 |
| Service charges - refuse revenue | 1 359 | 1 359 | 1 359 | 1 359 | 1 359 | 1 359 | 1 359 | 1 359 | 1 359 | 1 359 | 1 359 | 1 359 | 16 307 | 17 504 | 18 606 |
| Service charges - other | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Rental of facilities and equipment | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 2 060 | 2 163 | 2 271 |
| Interest earned - external investments | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 506 | 531 | 558 |
| Interest earned - outstanding debtors | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Dividends received | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Fines | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 4 988 | 5 237 | 5 499 |
| Licences and permits | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 240 | 250 | 300 |
| Agency services | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 850 | 893 | 937 |
| Transfer receipts - operational | 15 410 | – | – | 15 410 | – | – | – | 15 410 | – | – | – | – | 46 231 | 40 771 | 43 844 |
| Other revenue | 1 537 | 1 537 | 1 537 | 1 537 | 1 537 | 1 537 | 1 537 | 1 537 | 1 537 | 1 537 | 1 537 | 1 537 | 18 443 | 8 275 | 9 231 |
| **Cash Receipts by Source** | **35 104** | **20 368** | **34 816** | **38 562** | **21 151** | **21 151** | **19 693** | **35 777** | **21 151** | **21 151** | **21 151** | **26 862** | **314 736** | **320 552** | **347 610** |
| **Other Cash Flows by Source** | | | | | | | | | | | | | | | |
| Transfer receipts - capital | 5 123 | – | – | 5 123 | – | – | – | 5 123 | – | – | – | – | 15 368 | 31 459 | 26 091 |
| Contributions recognised - capital & Contributed ass | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Proceeds on disposal of PPE | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Short term loans | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Borrowing long term/refinancing | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Increase (decrease) in consumer deposits | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 321 | 343 | 367 |
| Decrease (Increase) in non-current debtors | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Decrease (increase) other non-current receivables | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 70 | 75 | 45 |
| Decrease (increase) in non-current investments | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| **Total Cash Receipts by Source** | **40 259** | **20 399** | **34 848** | **41 717** | **21 184** | **21 184** | **19 726** | **40 932** | **21 184** | **21 184** | **21 184** | **26 895** | **330 495** | **352 429** | **374 113** |
| **Cash Payments by Type** | | | | | | | | | | | | | | | |
| Employee related costs | 8 161 | 8 161 | 8 161 | 8 161 | 14 150 | 8 161 | 8 161 | 8 161 | 8 161 | 8 161 | 8 161 | 8 161 | 103 921 | 109 117 | 114 573 |
| Remuneration of councillors | 346 | 346 | 346 | 346 | 346 | 346 | 485 | 363 | 363 | 363 | 363 | 363 | 4 374 | 4 592 | 4 822 |
| Finance charges | 32 | 32 | 32 | 32 | 32 | 7 218 | 32 | 32 | 32 | 32 | 32 | 6 665 | 14 207 | 13 159 | 12 042 |
| Bulk purchases - Electricity | 5 279 | 5 684 | 6 157 | 6 157 | 6 157 | 6 157 | 5 279 | 5 684 | 6 157 | 6 157 | 6 157 | 8 859 | 73 882 | 83 850 | 95 165 |
| Bulk purchases - Water & Sewer | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Other materials | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Contracted services | 1 386 | 1 386 | 1 386 | 1 386 | 1 386 | 1 386 | 1 386 | 1 386 | 1 386 | 1 386 | 1 386 | 1 386 | 16 630 | 15 377 | 16 199 |
| Transfers and grants - other municipalities | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Transfers and grants - other | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Other expenditure | 6 547 | 6 541 | 6 535 | 6 535 | 6 535 | 6 535 | 6 547 | 6 541 | 6 535 | 6 535 | 6 535 | 9 293 | 81 215 | 80 910 | 84 525 |
| **Cash Payments by Type** | **21 750** | **22 150** | **22 816** | **22 616** | **28 508** | **29 802** | **21 890** | **22 168** | **22 634** | **22 634** | **22 634** | **34 728** | **294 229** | **307 005** | **327 328** |
| **Other Cash Flows/Payments by Type** | | | | | | | | | | | | | | | |
| Capital assets | 400 | 813 | 3 200 | 1 725 | 2 125 | 1 125 | 1 375 | 2 125 | 2 125 | 1 800 | 1 055 | 1 000 | 18 868 | 33 189 | 34 641 |
| Repayment of borrowing | – | – | – | – | – | 4 684 | – | – | – | – | – | 5 075 | 9 759 | 10 646 | 10 530 |
| Other Cash Flows/Payments | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| **Total Cash Payments by Type** | **22 150** | **22 963** | **25 816** | **24 341** | **30 731** | **35 611** | **23 265** | **24 293** | **24 759** | **24 434** | **23 689** | **40 802** | **322 855** | **350 840** | **372 497** |
| NET INCREASE/(DECREASE) IN CASH HELD | **18 108** | **(2 564)** | **8 832** | **17 375** | **(9 547)** | **(14 427)** | **(3 540)** | **16 639** | **(3 575)** | **(3 250)** | **(2 505)** | **(13 907)** | **7 639** | **1 589** | **1 615** |
| Cash/cash equivalents at the month/year begin: | (35 645) | (17 537) | (20 101) | (11 269) | 6 106 | (3 441) | (17 868) | (21 407) | (4 768) | (8 343) | (11 593) | (14 098) | (35 645) | (28 006) | (26 417) |
| Cash/cash equivalents at the month/year end: | (17 537) | (20 101) | (11 269) | 6 106 | (3 441) | (17 868) | (21 407) | (4 768) | (8 343) | (11 593) | (14 098) | (28 006) | (28 006) | (26 417) | (24 801) |

*Source: 2012/13 Draft Annual Budget (SA30 Budgeted Monthly Cash flows)*

## Cash Receipts

**Property Rates**- of R73.44 million reported on the 2012/13 cash flow statement against the operating statement amounted to 90 per cent. The municipality is

built in for the 2012/2013 budget year. In determining the under collection rate every service/tax trends were calculated separately. This percentage was used to determine the amount of the debt impairment. If the collection rate decreases the remedy would be an adjustment budget meaning that expenditure; which was already been cut; will be cut even more.

With the calculation of the "other expenditure" cash flow line item; and for that matter all other line items; Bitou Municipality is 100% sure has been calculated correctly.

It must be noted that the budget is entirely linked to the full year forecast of 2011/2012 and the opening balances of the financial position. In short even the non cash contributions to employee related benefits had been excluded from the cash flow statement. The net result of budgeted balance sheet movements was also taken into account with the calculation of the cash flow for the MTREF and includes things for example

- Inventory movement;
- Payments on finance leases;
- Provision for Refuse site rehabilitation;
- Normal Trade creditors;
- Taxes; and
- Unspent Grants.

It might be the case that the movement is not added to the line item that Provincial treasury wants it to be added; but overall the cash flow forecast is credible according to Bitou Municipality.

***Findings***

It is noted that the cash and cash equivalents over the MTREF as per budget Table A8 is not reconciling with supporting Table SA30.

However, net result after all commitments are taking into account shows a negative balance. Analysing the table it is evident the municipality is experiencing financial pressures and the municipality is requested to also the cash position for unspent borrowings and statutory requirements.

Comment:

The finding above is correct. However in table A8 the line item "cash and cash equivalents at year end" should reconcile to the budgeted cash flow in table A7 and SA30; A8 do reconcile to A7. It is only the opening balance of Table SA30 which is incorrectly linked to the adjustment budget instead of the full year forecast for 2011/2012. This will be corrected. It will not influence any other figures as the net increase / (decrease) in cash held stays the same.

**Borrowings**

**Debt Management**

**Table 35: Ratios Related To Debt Management**

| Description | 07/08 Audited Outcome R'000 | 08/09 Audited Outcome R'000 | % Growth | 09/10 Audited Outcome R'000 | % Growth | 10/11 Audited Outcome R'000 | % Growth |
|---|---|---|---|---|---|---|---|
| RATIOS RELATED TO DEBT MANAGEMENT | | | | | | | |
| (A) Capital Charges | 6 767 | 7 263 | 7.33% | 11 761 | 61.93% | 17 078 | 45.21% |
| (B) Total Actual Expenditure | 174 422 | 228 840 | 31.20% | 271 432 | 18.61% | 303 707 | 11.89% |
| **% (A/B)** | **3.88%** | **3.17%** | -18.19% | **4.33%** | 36.52% | **5.62%** | 29.78% |
| (A) Total Liabilities | 101 950 | 151 641 | 48.74% | 202 322 | 33.42% | 262 212 | 29.60% |
| (B) Total Assets | 254 446 | 317 525 | 24.79% | 610 461 | 92.26% | 695 026 | 13.85% |
| **% (A/B)** | **40.07%** | **47.76%** | 19.19% | **33.14%** | -30.60% | **37.73%** | 13.83% |
| (A) Current Assets (less inventory | 77 647 | 86 674 | 11.63% | 56 640 | -34.65% | 57 681 | 1.84% |
| (B) Current Liabilities | 43 494 | 53 931 | 24.00% | 80 411 | 49.10% | 120 050 | 49.30% |
| **% (A/B)** | **1.79** | **1.61** | -9.98% | **0.70** | -56.17% | **0.48** | -31.79% |

*Source: Statement of Financial Performance, Appendix A, Statement of Financial Position and Cash Flow Statement*

***Capital charges (interest + principal) to Total Operating Expenditure***

Although the Municipality appears to be managing its external borrowings, the interest and capital payments increased from R11.76 million in 2009/10 to R17.08 million in the 2010/11 financial year.

**Table 36: Repayment on Borrowing: 2012/13 MTREF**

| Borrowing - Categorised by type | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| **Parent municipality** | | | | | | | | | |
| Long-Term Loans (annuity/reducing balanc | 62 262 | 89 477 | 92 487 | 95 031 | 91 919 | 112 729 | 112 729 | 102 083 | 91 552 |
| Long-Term Loans (non-annuity) | | | | | | | | | |
| Local registered stock | | | | | | | | | |
| Instalment Credit | | | | | | | | | |
| Financial Leases | 713 | 532 | 1 932 | – | 804 | 1 932 | 1 932 | 1 932 | 1 932 |
| PPP liabilities | | | | | | | | | |
| Finance Granted By Cap Equipment Supplier | | | | | | | | | |
| Marketable Bonds | | | | | | | | | |
| Other Securities | | | | | | | | | |
| **Municipality sub-total** | **62 975** | **90 009** | **94 420** | **95 031** | **92 723** | **114 661** | **114 661** | **104 015** | **93 484** |

*Source: Draft budget, supporting document SA-17 (Borrowing)*

The borrowing balances decrease over the medium term with no further take-up of any further borrowings.

## 6.11 Funding Compliance Assessment

**Table 37: Funding Measures: 2007/08 - 2013/14**

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| **Funding measures** | | | | | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 57,833 | 16,604 | 16,684 | 18,662 | (35,645) | (11,330) | (11,330) | (3,691) | (2,102) | (486) |
| Cash + investments at the yr end less applications - R'000 | 12,532 | (53,773) | (97,301) | (33,865) | (121,390) | (104,890) | (104,451) | (105,515) | (113,485) | (104,633) |
| Cash year end/monthly employee/supplier payments | 3.9 | 1.0 | 0.9 | 0.9 | (1.9) | (0.6) | (0.6) | (0.2) | (0.1) | (0.0) |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | 12,671 | 21,768 | 24,676 | 18,569 | 19,493 | 8,501 | 11,465 | 11,527 | 18,366 | 17,415 |
| Service charge rev % change - macro CPIX target exclusive | N.A. | 11.0% | 9.8% | 13.5% | (11.9%) | (5.0%) | (7.0%) | 6.5% | 1.7% | 1.7% |
| Cash receipts % of Ratepayer & Other revenue | 129.5% | 90.1% | 102.6% | 104.8% | 89.0% | 92.9% | 94.1% | 92.9% | 93.4% | 94.2% |
| Debt impairment expense as a % of total billable revenue | 5.0% | 4.2% | 5.8% | 3.8% | 4.0% | 8.4% | 4.0% | 7.7% | 6.9% | 6.1% |
| Capital payments % of capital expenditure | 100.0% | 84.9% | 101.4% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 55.3% | 26.4% | 45.9% | 35.2% | 176.1% | 176.1% | 176.1% | 0.0% | 0.0% | 0.0% |
| Grants % of Govt. legislated/gazetted allocations | | | | | | | | 0.0% | 0.0% | 0.0% |
| Current consumer debtors % change - incr(decr) | N.A. | 37.7% | 3.1% | 10.5% | 22.4% | (29.3%) | 0.0% | (29.4%) | (0.1%) | 0.0% |
| Long term receivables % change - incr(decr) | N.A. | (15.4%) | (35.9%) | (45.0%) | 34.7% | (2.2%) | 0.0% | (25.4%) | (21.8%) | (23.8%) |
| R&M % of Property Plant & Equipment | 4.2% | 4.0% | 3.0% | 2.8% | 2.5% | 2.1% | 2.3% | 2.4% | 2.4% | 2.5% |
| Asset renewal % of capital budget | 0.0% | 0.0% | 0.0% | 1.6% | 1.5% | 1.5% | 0.0% | 10.6% | 2.7% | 12.4% |

*Source: SA10 (Funding Measurement*

### Cash and Cash equivalents

The cash and cash equivalents over the medium shows a negative trend and agree with the current financial position of the municipality.

in electricity at 11 per cent, it is to be expected that the average increase in revenue will exceed the inflation target figures.

**Debt impairment expense percentageof billable revenue**

The ratio is projected at 7.7 per cent in 2012/13 and for the two outer years it is projected at 6.9 and 6.1 per cent respectively. Whilst the ratio is considered to be realistic, it is directly linked to the projected collection rate which will need revision if the collection rates will be adjusted.

**Capital payments percentage of capital expenditure**

The municipality has forecasted 100 per cent capital payments over the 2012/13 MTREF, indicating that it will implement the full capital budget but which is considered to be unrealistic since the municipality always had unspent capital at year-end for the past few years.

**Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)**

There is an indication that the municipality is completely reliant on own funding but whilst the municipality experience financial challenges, that is regarded as unrealistic.

Comment:

Yes but due to the borrowing levels; as Province already pointed out; there is realistically no alternative for the short to medium term.

**Transfers/grants revenue percentage of Government transfers/grants available**

The ratio indicates that no grant funding was included in the budget due to the fact that the municipality did not complete the relevant fields (Rows 63 till 67) in Supporting Schedule SA10. In this regard, the municipality is requested to complete all the fields of the prescribed budget formats.

Comment:

Agree with the finding the required fields will be completed with the tabling for consideration. It must however be pointed out as already previously mentioned all grant funding is included in the budget.

Comment:

In order to populate the budget tables correctly; the required information should be available. With the completion of the schedules; no definite budget rules/business plan formats was in place in order to enable the budget office to accurately split between replacements and new assets. Due to timeframes this was done based on the finance department best ability; no real inputs from the technical departments. Apart from this due it would also be difficult to obtain this level because most of the expenditure is related to Housing therefore causing new assets to be the priority.

| Key Issues | Recommendation | Timeframe |
|---|---|---|
| | Chief Financial Officer should be expedited. | |
| 19. Consultants | The reliance on consultants should be reviewed. | Short term |
| 20. Repairs and maintenance | The Municipality should continue reviewing its repairs and maintenance plans. | Short term |
| 21. Outstanding creditors | Accurate status of outstanding creditors should be reported monthly. | On-going |
| 22. Depletion of the CRR | Crucial steps are required to improve its planning processes on the capital programme. | On-going |
| 23. Capital under spending | The municipality must improve its planning processes. | On-going |
| 24. Budget planning | The municipality should consider implementing the 'Infrastructure Delivery Implementation Planning' principles which would assist with the planning, procurement and implementation of the capital budget. | Short term |
| 25. Budget planning | The municipality is advised to ensure that its capital budget reflects consistent efforts to address the backlogs in basic services and the renewal of the infrastructure. | Short term |
| 26. Non alignment of budget tables and supporting schedules | Budget tables and supporting schedules information should be updated. | Immediately |
| 27. Low liquidity levels | Prudent financial management over the MTREF is required to improve and sustain the cash flow position. | On-going |

*Source: PT Generated*